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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Alberta | 19e  | 2e  | Discours du budget | 2 avril 1980 | M. Louis D. Hyndman | Trésorier provincial | PC |

**Mr. Hyndman**: It is my privilege to present tonight, Mr. Speaker, Alberta's budget in our province's 75th Anniversary year.

On May 7, 1906, Provincial Treasurer Alexander Rutherford, in presenting Alberta's first budget, said this:

We live, Mr. Speaker, in one of the grandest Provinces in this Canadian Confederation. We believe there is a great future before our Province, and that it will be a still grander Province in the very near future. . . . We hope that our fond expectations will be realized. We are a hopeful people. We have no pessimists in Alberta, - a pessimist could not succeed. We are optimistic, and always look on the brighter side of affairs. . .

Mr. Speaker, I'm sure that Alberta's first Provincial Treasurer would be delighted if he could view today our great province. His optimism was well founded. He would not be surprised at Alberta's leadership role in Canada in 1980.

Our 75th Anniversary invites comparisons between Alberta's inaugural budget address and our financial situation today. Three-quarters of the total revenue estimates for 1906 were payments from the Dominion government under the British North America Act. Those same payments are still received today, but they now represent less than 0.1 per cent of budgetary revenue. The Estimates of Expenditure for 1906 totalled just under $2 million. Public works- primarily roads, bridges, and the start of construction of this Legislature Building- accounted for more than half of total spending that year. Expenditure estimates for health, education, and social services totalled $233,500 in 1906; in tonight's budget, expenditure on those three programs totals over $3 billion. In 1906 the hon. Mr. Rutherford forecast a surplus of $33,373.32. This government continues that tradition of sound fiscal management.

We also celebrate this year, Mr. Speaker, another anniversary: 50 years ago the Canada/Alberta natural resources transfer agreement was signed. It gave Alberta formal ownership rights to its resources, rights which were denied to us in 1905, Alberta fought long and hard to overcome this unfair discrimination. The hon. R.G. Reid, Provincial Treasurer of the day, said in his 1930 budget:

What the resources will mean to the Province economically it is too early to say. In the first year it is unlikely that much profit will accrue to the province through their administration. However, as time goes on and mineral developments proceed, the revenues from this source should be considerable.

How right he was. Mr. Speaker. We all owe much to the vision and negotiating skills of the Alberta government leaders of that day. They would understand the determination of this government on the issue of resource, I ownership today, 50 years later.

Alberta has repeatedly demonstrated, by action not just talk, its willingness to contribute to Confederation and to share its resources with the Canadian family of provinces in a tangible way.

Alberta's economy is sound and our prospects should be good. But if the federal government attempts to thwart our prospects, then the hopes and plans of Albertans for the future will be frustrated. The beginnings of an economic shift away from central Canada, especially to the west, are now a reality. There is apprehension by Albertans when we see that desirable trend being resisted by those who want to preserve the status quo at all costs; there is deep concern here, not about Alberta's economic potential, but as to the danger presented by possibly unfair or misguided federal policies which could harm Alberta in the months and years ahead.

With our diverse energy resources, our renewable agricultural base, our barely tapped forests, and our fresh water, there is the potential for a dynamic Alberta future. These base resources must be diversified. We must build on our strengths and specialize in the activities we do well.

Increased processing and upgrading of our raw resources in Alberta is essential, and it is happening; the petrochemical success story is one example. The sceptics said it could not be done in Alberta. The federal government's Sarnia complex was a major hurdle. But with vision and the kind of determination displayed by this province in 1905 and in 1930, the first building blocks of a petrochemical industry have been successfully put together on time and on budget. The next step is to expand our markets. Looking back, it was against what seemed to be overwhelming odds that a bold, new petrochemical future was stimulated in the west, with the multitude of productive jobs that will result. That happened because government and industry worked co-operatively.

Other similar opportunities exist in agricultural processing and high-technology industries. It can all come together with our most important resource: 2 million Albertans, from pioneers to newcomers. Hard-working and well-educated, the enterprise and self-reliance of the risk-takers reflect the outlook and abilities of those who first came to this province. Given the chance, Mr. Speaker, Albertans will capitalize on the opportunities before them.

An exciting 75 years ahead for Alberta is possible, provided our historic resource ownership rights are respected and provided we are fairly dealt with as an equal partner within Confederation.

The most serious economic problem facing the world today is the prospect of an international oil shortage. Even with policies on substitution, conservation, and alternative energy sources, oil remains a necessity for all modern and developing nations. Oil will continue to power commerce, industry, and transportation. The world is using oil at almost twice the rate at which it is being found. Production cutbacks have been threatened by major world oil producers as they conserve declining reserves. The United States is dependent on foreign sources for almost 40 per cent of its oil supply. The USSR may become a net importer of oil in this decade. The willingness of Saudi Arabia to maintain present high levels of production has recently been questioned. Political instability in Iran, Afghanistan, and other areas, underscores the worrisome uncertainty in world oil supply in the months and years ahead.

Given this uncertainty, the average 1980 economic performance of the industrialized countries will probably deteriorate. Real output growth for these countries is expected to drop to 1 per cent from 3.25 per cent, and inflation may increase internationally from the present 8 per cent level.

The economic answers for Canada are to reduce its balance of payments deficit by exporting surplus natural gas, cutting back oil imports through substitution of natural gas, and increasing domestic oil supply. Canada imports almost a quarter of its oil needs today. About 450,000 barrels of imported oil are required for the Atlantic provinces and Quebec every day, the equivalent of the total daily output of three oil sands or heavy oil plants. Canada must reduce its dependence on imported oil, and that's illustrated in the accompanying chart.

Canada has, unlike the United States, the potential to achieve oil self-sufficiency by 1990. But it will occur only if the private sector is encouraged to continue its exploration and development efforts. The economic road ahead for Canada can be promising if we capitalize on our strengths and work hard to overcome our weaknesses.

Our strengths are obvious: a huge energy and resource potential, a well-educated population with a spirit of enterprise, and credibility in the eyes of the world. Needing immediate attention are Canada's weaknesses: a balance of payments deficit that is per capita one of the largest in the world, a dollar too closely tied to the US dollar, and too Iowa priority for research and development. As well, a new foreign trade strategy and an understood and regionally accepted economic strategy are needed for Canada.

We share as a government the concern of those Albertans grappling with record high interest rates, noting that international pressures and federal monetary and fiscal policies determine these rates. The provincial government will continue and, where necessary, expand policies to assist in shielding those Albertans most adversely affected by the high interest rates, including senior citizens, low income Albertans, farmers, home-owners, small businessmen, and property tax payers.

These programs include:

- the subsidized mortgages under the recently expanded Alberta family home purchase program,

- the low-interest loans to builders for rental accommodation under the recently improved core housing incentive program,

- the farm home lending program,

-the direct farm lending program and farm booster package,

- the recently enhanced beginning farmer program,

-the temporary cancellation of the Agricultural Development Corporation's 1 per cent service charge,

- the preferred treasury branch loaning rate to all farm borrowers,

- the 9 per cent interest rate available to municipalities through the Alberta Municipal Financing Corporation,

-the Alberta Opportunity Company flexible interest rate policy for small business, and

- the special treasury branch loan rate to existing small business customers.

The western premiers, at their spring conference last year, drew attention to the damage that high interest rates were causing to western Canadian development, and urged the federal government to stop automatically tracking interest rates in the United States.

Inflation in Canada dropped to 9.4 per cent for the 12 months ending February 1980, from 9.5 per cent in the year ending January 1980. It is not expected to moderation in Canada during 1980.

Employment growth remained strong in Canada in 1979, allowing the unemployment rate to fall from 8.4 per cent in 1978 to 7.5 per cent last year. This improvement is unlikely to continue this year, and the Canadian unemployment rate may rise closer to 8 per cent in 1980.

The Alberta economy thrives today in a positive climate for private enterprise. Job-creating investment has been attracted, and there are expanding business opportunities in a favorable environment of stability, predictability, and challenge. The government's economic strategy, outlined by the Premier in 1974 and updated last fall in the Assembly, is known and is understood. It provides a consistent planning base for investors, yet incorporates sufficient flexibility to realistically reflect business trends. Alberta welcomes investment from all over the world. Provincial laws set parameters for such investment so that, for example, prime agricultural and recreational lands in the province are protected. An increasing number of joint ventures involving partnerships between offshore companies and Alberta enterprises are successfully being formed and are taking advantage of commercial opportunities and creating more Alberta jobs.

Record high interest rates, coupled with the elimination of the federal capital cost allowance incentive for multiple-unit residential buildings, have resulted in a private-sector investment downturn, which has reduced new housing starts. This could adversely affect thousands of Albertans. The government is closely monitoring the housing situation and is reassessing all aspects of its existing programs and policies, weighing their adequacy in the light of incoming statistics. Housing starts declined from a record 48,000 in 1978 to 40,000 in 1979, and the prospects for 1980 reflect the private-sector withdrawal and the adverse federal policies.

Preliminary indicators suggest that Alberta's real gross domestic product last year grew at close to the 1978 growth rate of 6.3 per cent, higher than I predicted in the 1979 Budget Address.

Inflation in Alberta was 8.8 per cent in 1979, compared to 9.1 per cent for Canada as a whole. Despite Alberta's record growth rate, with high demand for goods and services, its inflation rate has remained equal to or less than the national inflation rate. This trend continues. The cost of living increases for the 12 months ending February 1980 were 8.9 per cent in Calgary and 8.4 per cent in Edmonton.

Joining the 10 other Canadian governments, Alberta has made a commitment to restrain the growth of government expenditure. This is reflected in the wage and salary guidelines of 7.5 per cent to 9 per cent, announced last December. All 11 governments of Canada agree that wage and salary increases in the public sector should not exceed those in the private sector. During each of the past four years, Albertans have reacted favorably to wage and salary guidelines, and there is an increasing realization that restraint policies must continue if we are to protect the jobs we now have, and create new and better jobs.

Nineteen seventy-nine should rank as one of the best years of the past decade for Alberta agriculture. Farmers were blessed with generally good weather conditions, strong prices for grains and cattle, and solid growth in nearly all farm sectors.

In 1979, farm cash receipts grew twice as fast as operating and depreciation costs. The realized net income of Alberta farmers in 1979 was a remarkable 63 per cent higher than in 1978.

In 1979, total farm cash receipts increased by over 28 per cent to $2.9 billion. Receipts from crops grew by more than 33 per cent. Livestock receipts were up by 26 per cent.

The stock reduction in the cattle industry, which led to fewer supplies and higher prices, began to reverse in 1979 as heifer herds began to expand. Although beef supplies will continue to decline in 1980, associated price increases should moderate, partly due to the increased availability of alternative meats.

Total operating and depreciation charges incurred by farmers in 1979 grew by 16.1 per cent, but farm cash receipts grew much faster. The chart on page 11 shows the remarkable growth in farm cash receipts since 1970. This year will probably see continued record high levels of farm cash receipts. The US embargo on grain to the Soviet Union may increase supply and thus depress the price of barley and possibly of wheat. Even so, total cash receipts for wheat should increase as marketing are expected to be up in 1980. Canola is expected to yield somewhat lower receipts in 1980 as prices could soften. The 1980 reduction in the output of cattle may offset higher prices, leaving cattle receipts this year about the same as 1979.

A significant indicator of economic vitality is the rate at which new jobs are being created. In 1979, 60,000 new jobs were created in Alberta, and that's another record after the 1978 employment growth figure of 47,000 and the 1977 new job figure of 32,000. Employment growth in Canada in 1979 was 3.9 per cent; in Alberta it was 6.5 per cent. With the Alberta population about one-twelfth that of Canada, one out of every seven new jobs in Canada in 1979 was created in Alberta.

The unemployment rate in this province dropped from 4.7 per cent in 1978 to 3.9 per cent in 1979. We have the highest participation rate in the country, almost 70 per cent of all Albertans in the working age group.

New Alberta jobs were created in virtually every employment area, including agricultural processing, forest products, small business, transportation, tourism, and the energy industry. The diversity of these 60,000 new jobs shows the underlying strength of the Alberta economy.

Most Albertans would be surprised to learn the extent to which the security of their present jobs depends on a healthy petroleum industry. The take-home pay of the hundreds of thousands of our citizens working in the energy industry could be in jeopardy if investor confidence drops, and exploration and development slow down. Explorers must have reasonable incentives to risk millions of dollars in the search for the new reserves of energy that Canada so crucially needs.

Given the existing uncertainty, I cannot predict the extent of exploration, development, and geophysical activity for 1980, nor is there certainty as to the future inventory of drilling rigs or the extent of drilling rig utilization. Cash flow is required to sustain activity in our basic petroleum industry; additional natural gas exports to the United States make sense in order to generate that cash, and would have the added benefit of strengthening the Canadian dollar and allowing interest rates to stabilize or decline.

In 1979, manufacturing shipments in Alberta, excluding petroleum and coal products and food and beverages, grew by almost 21 per cent, above the Canadian rate of 16.4 per cent. Shipments of primary metals, fabricated metals, non-metallic minerals, and chemicals all grew in Alberta at above the average rate for Canada. Since many of the promising new petrochemical plants came on stream in late 1979, there should be significant growth recorded in the figures for shipments of chemicals in 1980.

Alberta's economy is strong and growing, but it is still vulnerable. In 1980, this province should remain an economic bright spot in Canada, to the benefit of the entire nation, provided we are not frustrated in our efforts to grow. For Canada's benefit, thoughts of discrimination against a province or region must be put aside.

Much more remains to be done to diversify Alberta's economy and make it less dependent on the sale of unprocessed, depleting resources. Our economic strategy of policy consistency, private-sector investment encouragement, fiscal incentives, balanced growth, research and development emphasis, transportation initiatives, and manpower training, all contribute to our significant progress.

The operating expenditure of the government for 1980-81, the vast bulk of which provides for the delivery of quality services to Alberta citizens, will be $4.226 billion, an increase of 14.4 per cent over the 1979-80 operating budget. This maintains our policy of restricting increases in operating expenditure to the growth rate in Alberta's gross domestic product, expected to be about 15 per cent this year. It is important that growth in the government sector does not exceed and is not at the expense of the private sector.

The 1980-81 capital program, involving construction of long-term, lasting assets such as roads, hospitals, educational institutions, and public buildings, will total $1.083 billion, an increase of 31.1 per cent over last year's capital budget. This sustained capital spending growth is aimed at the needs of individual Albertans. It is a good investment in light of the expected population growth and the large built-in capacity of Alberta's vigorous construction industry.

The 1980-81 total estimates of expenditure, including the interim supply, will be $5.309 billion, a 17.4 per cent increase over the comparable 1979-80 estimates. Excluded from this total is statutory expenditure amounting to $99 million. As well, these figures do not include two extraordinary statutory expenditures: the $340 million required on a once-only basis to eliminate outstanding hospital and nursing home debt, and the $1.1 billion required to partially fund public service pensions and protect future taxpayers.

To reflect the continuing delivery of services to a rapidly growing population of over 2 million citizens, the 1980-81 estimates include an additional 922 full-time permanent positions. This increase is after the exclusion in 1980-81 of the 335 staff at the Alberta Research Council, as that organization is to be funded entirely by grants in future. If the Research Council positions were included, and if the 150 start-up positions relating to the new business incentive tax system were excluded, the manpower growth rate would be 3.5 per cent. The expected increase in Alberta's population is 3.5 per cent.

Since 1971, numerous provincial services have been expanded and scores of new programs have been introduced. Albertans enjoy the highest quality health, education, and social services in Canada. We continue to respond to the emerging needs of Albertans, especially those on fixed and low incomes who would not otherwise share fully in the substantial disposable income growth of the past decade.

Alberta's economic vitality has created strains on all sectors of the economy, including provincial services. The capacity of virtually every government department has been stretched to the limit. In the face of this sustained demand, the government is determined to channel its resources to those citizens with the greatest need. While the primary emphasis will be to ensure the efficient operation of hundreds of existing programs, we are initiating a number of new services for people as well.

Among expenditure priorities this year are: a major move to expand health facilities, a large increase in funding road and highway construction and rehabilitation, greatly expanded programs to meet the housing needs of Albertans, and new initiatives in manpower training.

Following are the highlights of the operating budget for 1980-81, which totals $4.226 billion, up 14.4 per cent or $531 million over last year.

A major, ongoing priority of this government has been to develop one of the finest health care systems available anywhere. To this end the capital projects division of the Alberta Heritage Savings Trust Fund provides an important initiative through the recent creation of the Alberta Heritage Foundation for Medical Research. Major cancer and heart disease research efforts are continuing.

The operating funds provided to active care and auxiliary hospitals and nursing homes will increase by $94.6 million to $713.1 million for 1980-81, an increase of 15.3 per cent over last year's estimates. The operating budget for these high-quality health facilities has increased regularly and significantly over the past 10 years. In 1970, for example, operating expenditure for health was $200 million; in 1975 it rose to $485 million; and in 1980 it will surge to $907 million.

Among important new medical program initiatives for the coming year are:

-almost $24 million to operate new or expanded hospital facilities at 15 locations across the province,

-$1.4 million to expand renal dialysis programs,

-$1.4 million to establish a prenatal hereditary disease identification program, and

-$472,000 to set up specialized urban family practice clinic.

To offset the growing deficit in respect of the Alberta health care insurance plan, related expenditure is being increased by $48.3 million, up 40 per cent over the comparable estimates for last year. This increase will provide medical practitioners with an 8.5 per cent income increase, and an overall 15.5 per cent fee schedule increase which became effective January 1, 1980. It also provides $2.1 million to increase the out-of-province daily ward benefits for Albertans from $50 to $150 per day, effective July 1, 1980. These significant cost increases have prompted a review of health care premiums, a subject to which I will refer later.

For the first time this year, government spending for our quality education systems will exceed $1 billion, about the amount of the total Alberta budget 10 years ago.

Over 79 million new dollars will be added to last year's operating grants for basic education, resulting in a total of $787.5 million for 1980-81, an increase of 11.1 percent over the previous year. This general increase provides, in part, for a 9.3 per cent increase in basic per pupil instructional grants, which will be $1,242 for each elementary pupil, $1,302 for each junior high pupil, and $1,491 for each high school pupil. Extra consideration, by way of enriched programs, will be given to assist in equalizing educational opportunity, meeting special needs, and enhancing the overall quality of basic education.

This government continues to give priority to improving educational opportunity for handicapped children. An additional $4.2 million, an increase of 21.5 per cent over the 1979-80 comparable estimates, will be provided to enable school boards to hire an additional 123 teachers for the handicapped. Extra funding of $900,000 will increase the number of specially trained teachers of the handicapped. Grants to support education for the dependent handicapped increase to $2.1 million in 1980-81, almost triple the comparable 1979-80 estimates. Maximum grants to school boards under the learning disabilities fund will increase by 12.5 per cent over the 1979-80 amount. Financial assistance levels for pupils placed by school boards in approved private schools for the handicapped and socially maladjusted will be increased as well.

Additional support of almost 31 million new operating grant dollars for universities and colleges is proposed, for a total of almost $293 million in 1980-81, up 11.7 per cent over last year. This total increase provides for a 9.5 per cent increase in basic operating grants, plus an additional $5.8 million to further upgrade and reflect:

-enrolment increases and new course offerings in trades and technologies in colleges,

-operating costs for new facilities at the universities and colleges,

-program expansion and student enrolment increases at Athabasca University and the Banff Centre, and

-selected course upgradings at the universities of Alberta, Calgary, and Lethbridge.

For the technical and vocational institutes, an increase of $11 million is proposed over the 1979-80 estimates. In addition to providing for cost increases, it is anticipated that the proposed allocations will enable the institutions to accommodate increased enrolment, particularly in the trades and technologies, to meet the demands of our vibrant economy. Special emphasis will be placed on programs designed to increase the participation of and opportunities for unskilled and disadvantaged Albertans.

In keeping with the philosophy of Alberta's generous overseas assistance programs, this budget contains $1.2 million for special language training and adjustment assistance for our new Albertans from Southeast Asia. We welcome our new citizens and are anxious to assist their early adjustment to the Alberta community.

Assistance in providing affordable homes, apartments, condominiums, and lodges for Albertans is one of the priority thrusts this year. No other province matches the comprehensive range of shelter assistance programs or the per capita housing and apartment subsidies now being made available.

To further assist home-owners, the Alberta Home Mortgage Corporation will provide $7 million in subsidies in 1980-81 to lower- and middle-income families, to acquire about 5,500 new homes under the successful Alberta family home purchase program. This program has been recently modified to expand eligibility to families who have adjusted gross incomes up to $31,000. Subsidies of up to $270 per month will be available to families with incomes less than $25,500.

A further $7 million in subsidies, to provide 8.75 per cent low-interest loans, will encourage builders to construct rental accommodation at approved rental rates for low-income Albertans under the core housing incentive I program. In 1980-81, this program should stimulate the 11 construction of 4,500 new rental units, more than double the number last year. As well, the program will be expanded to all centres in Alberta with a population of 5,000 or over.

The Alberta Housing Corporation will provide more than $2 million in annual grants and subsidies to non-profit foundations operating senior citizens' lodges and self-contained units. Effective November 1, 1979, rents were reduced from 30 per cent to 25 per cent income for senior citizens occupying self-contained housing. With the $500 annual senior citizen renter assistance grant, our pioneers in government-sponsored, self-contained housing units pay among the lowest rents in Canada.

For senior citizens who wish to continue to live in their own homes, the Alberta pioneer repair program, unparalleled in Canada, provides grants of up to $2,000 for home improvements. In 1980-81, $30 million is expected to be provided under this program, more than double the amount provided last year.

The rent scale ratio for low-income families residing in community housing was decreased, effective November 1, 1979, from 30 per cent to 25 per cent of family income, a move that will save needy Albertans $2.3 million in rental payments in 1980-81.

The capital budget for housing, detailed later, represents a major new thrust in the provision of new shelter units in the months ahead. Further new initiatives in the housing field will be announced shortly.

Alberta is the leader in Canada in the range of services and the extent of support for the handicapped. Operating costs of the Alberta assured income for the handicapped program will be $61.8 million, up from $35.6 million last year. This initiative provides an assured income for severely handicapped individuals aged 18 to 65.

The government's support for child welfare services will also increase dramatically, by almost 20 per cent overall. The major increase is for residences operated under contract and providing child care. In addition, support for treatment in government-operated child care institutions, including group homes, is expanded, as are community and family services which include foster home care.

The foster parent program is extensive and involves some 2,900 homes operated by dedicated people providing care to approximately 3,700 children at a given time. The budget allocates $13.5 million to this program, and this year further assistance to foster parents will be provided through preparation and implementation of a training program.

In community health, an important new addition is the $1.6 million to increase dental service programs designed to improve the availability of dental services in rural and northern areas of the province and to expand preventive dental treatment services to school children in Alberta through local health ul1its.

A further expansion of the successful home care program will be supported with an additional $2.2 million provided through local health units. The health unit system will also provide increased services to physically handicapped Albertans through the aids to daily living program. This program will reach approximately 10,000 people through a budget provision of $6.6 million, and will supply wheel chairs, respiratory equipment, and other aids to persons with chronic or long-term health disorders.

Our fertile land is a renewable resource. The initiative and hard work of individual farmers and producers are key strengths of our basic agriculture sector. Farm management, in an increasingly complex agriculture industry, has become demanding and sophisticated.

Operating and capital grants to agricultural societies will increase this year to $13 million from $3 million in 1979-80.

The government will continue to invest in initiatives to improve grain handling and transportation. Negotiations for an efficient, new Prince Rupert grain terminal will continue. The new inland terminals will see increased utilization. Grain transportation will be improved by our purchase of 1,000 hopper cars.

Nineteen eighty is the third year of the Farming for the Future program, which promotes research to seek out new and improved production methods. Ten million dollars from the Alberta Heritage Savings Trust Fund has been committed to agricultural research.

Major modifications recently announced to the beginning farmer loan program will provide long-term stability to this basic industry by assuring a steady influx of new, young farmers.

The Agricultural Development Corporation's successful range of programs will receive an operating budget increase of $6.3 million, largely to meet expected higher loan activity and lending levels. The preferred 9 per cent lending rate has increased the amount of government interest subsidies required.

Funds to boost Alberta food product promotion will increase by 31.3 per cent.

Hail suppression research funding for the Alberta Weather Modification Board will increase by 19 per cent to a level of $2.75 million. Funds are provided for a new food processing centre. Agribusinesses will benefit from the continuation of the nutritive processing assistance program.

Mr. Speaker, the province provided over $1 billion to Alberta municipalities through the municipal debt reduction program. It cancelled outright $648 million in municipal debt and provided a further $383 million in unconditional grants to municipal administrations. This dramatic initiative improved the financial position of every Alberta municipality in a major way. I emphasize that the benefits of this move to municipalities and their taxpayers will continue in 1980 and in the years ahead. Interest expenses for municipal governments have been reduced significantly. The unconditional grants of $383 million provide a source of investment income for many municipalities in future years.

In addition to the long-term benefits of the municipal debt reduction program, we have this year provided for a $5.4 million increase in general unconditional assistance grants to municipalities, for a total of $72.4 million in 1980-81.

Since its introduction five years ago, the municipal debenture interest rebate program has provided over $35 million to municipalities and their taxpayers to subsidize interest costs on debenture borrowings, advances, and loans. In 1975-76 the annual cost of the program was $1.2 million; the 1980-81 estimates provide for $18.8 million for this program, which shields interest costs by an average of 3 per cent. As a realistic response to market conditions, my colleague the Minister of Municipal Affairs announced recently that interest costs above 9 per cent will be rebated to municipalities with respect to eligible borrowing after March 17, 1980. Interest costs above 8 per cent will continue to be rebated for eligible debt incurred prior to March 17, 1980. The policy will be reviewed as the level of interest rates changes in the future. These changes will ensure that Alberta municipalities and their property tax payers will continue to enjoy lower borrowing costs than any other municipalities in Canada.

Through the 75th Anniversary Commission and the co-operating departments of Culture, Recreation and Parks, Tourism and Small Business, Municipal Affairs and Education, about $50.2 million has been spent to date to plan and promote a many-faceted appreciation of Alberta's past, present, and future in Confederation. Hundreds of projects of lasting benefit have been initiated by Albertans, individually and through groups and associations.

In 1979-80 several projects of special interest were started, including the well-received homecoming event and the Canadian encyclopaedia project, which is a gift to all of Canada. In recognition of the role of local governments as partners in the development of Alberta, and reflecting this government's commitment to local autonomy, approximately $41 million in per capita grants has been made available to municipalities to assist with their anniversary plans.

The 1980-81 estimates include a further $23.6 million to continue initiatives through 1980-81 and to fund over 200 imaginative projects brought forward by Albertans. The total celebration budget of $73.8 million is less than 2 per cent of this year's budget.

New cultural programs are planned.

Because libraries play a significant role in educational and cultural development, library operating assistance will more than double, from $2.8 million last year to $7 million for 1980-81. These funds will assist libraries in forming regional systems for the mutual benefit of the citizens of participating communities and in expanding their current level of local service. With enrichment of the library services program, Alberta moves ahead significantly in provincial support for libraries.

Deserving special mention is the planned incorporation into the Glenbow-Alberta Institute of the Riveredge collection of artifacts, generously donated by the Devonian Foundation. Provincial capital funding of $2 million will be provided to enable the Glenbow Institute to store and display this remarkable collection for the enrichment of Albertans of all ages.

The Department of Economic Development spearheads the implementation of our economic strategy to build upon our basic agricultural and energy strengths, stimulate diversification, and overcome our geographic and economic disadvantages. The 1980-81 budget for this frontline department is increased by $4.9 million or 56.5 per cent over last year.

Actively being pursued are policies

-to improve Alberta's grain handling and transportation systems, particularly with regard to inland grain terminals, rolling stock, and ports;

- to assist in the expansion of foreign export sales through identification of specific export sales opportunities, development of foreign joint ventures, and promotion of licensing opportunities; and

-to enhance the marketing capabilities of Alberta's growing processing and manufacturing industries.

To implement stage 1 of the recently announced Alberta business incentive tax system, $3.3 million is budgeted, less than I per cent of the corporate income tax expected to be collected in 1980-81. Made in Alberta business incentive tax policies, tailored to help strengthen the competitive position of growing Alberta businesses, are important to the continuing development of this unique province.

To develop this province as a brain centre for Canada, the Alberta Research Council will play a leadership role in facilitating long-range research, following four main thrusts:

-expanded research on oil sands,

-greater emphasis on coal resources,

-improved services to industry, and

-increased emphasis on frontier sciences.

The government's commitment to research and development as a key aspect of economic diversification is reflected in the Research Council's 1980-81 budget. In this first year of a five-year plan, there will be additional research funding of $2.9 million, an increase of one-third over the 1979-80 estimates, for a total funding level in excess of $11 million.

The vast potential of Alberta's forest lands is just beginning to be realized. The Berland-Fox Creek forest project will result in new jobs, more upgrading, and new technology. The government is introducing an expanded program of forest research; funds this year will almost triple over 1979-80. They will be directed toward improvements in forest management practices through increased support to universities and existing research laboratories, and by the setting up of a new forest management research branch.

A new range improvement program will offer a total of $1.3 million in assistance to fund capital improvements by those leasing public grazing land. This will increase the productive capacity of Alberta's public lands and benefit the agricultural community.

Included in the budget is $154 million to continue the natural gas price protection plan for individual Albertans and businesses. This unique program shelters Alberta residents from increasing home heating costs and helps businesses offset competitive disadvantages such as transportation costs. Pending a comprehensive review during the months ahead, details of a new plan will be presented to the Legislature in the fall.

This year's capital budget for roads, buildings, and other public works totals $1.083 billion, an increase of 31.1 percent over 1979-80. The program provides a wide range of capital improvements for today's 2 million Albertans and for the thousands who will be born here or will come here in the years ahead.

Over the past five years, a total of almost 190,000 housing starts were recorded in Alberta, a per capita Canadian record. In the two-year period 1978-79, Alberta, with about 8.5 per cent of the Canadian population, was the location of almost 21 per cent of all new housing in the country. There has been a significant increase in the quality of shelter here; the estimated number of Albertans per dwelling unit decreased from 3.35 persons per unit in 1975 to 2.85 per unit projected for 1980.

With the current high level of interest rates, the federal government's decision not to extend the special capital cost allowance provision for multiple-unit residential buildings beyond 1979 and the termination of the NHA- assisted rental program, private-sector financing of new rental housing construction projects is expected to decline in 1980-81. As mentioned previously, the Alberta Heritage Savings Trust Fund, through the Alberta Home Mortgage Corporation, will provide financing for a record new number of rental units under the successful core housing incentive program.

The Heritage Savings Trust Fund will also provide $300 million in 1980-81 for the building of 5,500 new homes under the Alberta family home purchase program. To make this program available to more Albertans, the maximum house price is increased to $70,000 for new construction and to $56,000 for existing homes.

To assist in bringing subdivisions on stream more quickly, an additional $50 million will be made available to municipalities for the provision of major water, storm, and sanitary sewer systems under the revolving land servicing program.

Continuing its efforts of previous years, the Alberta Housing Corporation will increase its construction program by 28 per cent to 2,983 units in 1980-81, at a total: value of more than $146 million. More than 2,000 senior citizens' lodge units and self-contained units are planned. That program will sustain Alberta's leadership in providing comfortable accommodation for our senior citizens.

An estimated 2,000 people may be coming to both Edmonton and Calgary every month in the forthcoming year. Even with the ambitious programs for 1980-81 described above, we will continue to monitor trends in the housing, apartment, and condominium areas, and introduce further and expanded programs in response to needs and conditions.

A top priority this year is a special boost in the financing of secondary highway building and the needed rehabilitation of existing primary highways.

This government's record in the road construction and transportation area is unmatched; expenditure increased more than 400 per cent over the eight-year period 1971-79. During the '70s, vehicle registrations jumped about 60 per cent. This province has over 10,000 kilometres of paved primary highways, the distance from Edmonton to Halifax and return. From 1973 to 1978, truck traffic in Alberta more than doubled. Of the ground transportation in this province, 80 per cent of petroleum products, 85 per cent of general freight, and 90 per cent of food and produce move by truck; about 90 per cent of provincial passenger traffic is by automobile.

The multibillion dollar investment in our transportation system is fundamental to our agricultural and economic performance, as well as to our recreation and tourism. In recognition of the current levels of use and anticipated future demands, and to reflect the persistent and effective submissions of government MLAs, the 1980-81 budget of Alberta Transportation will increase by over $110 million over 1979, a 24.5 per cent increase to $562.4 million. Just five years ago, annual expenditure in this area was only $295 million.

Earmarked for construction and maintenance of highways is $393.3 million, an increase of $86.5 million or a dramatic 28.2 per cent increase over last year.

To ease the increasing burden on our existing road network, the budget makes provision for a new multiyear pavement resurfacing and rehabilitation program, to which $22 million will be designated for this fiscal year.

A $20 million expansion of the secondary road construction program will increase the number of kilometres of paved secondary roads. A $4.5 million expansion of the construction program for rural/local bridges, to a total of $11.1 million, is planned.

This is year two of the important resource road improvement program. The $22.5 million budget for this year is in addition to over $100 million set aside for the rural/local highway improvement program.

The $16.7 million increase in the urban transportation and financial assistance program represents the second year of the massive, six-year $0.75 billion program announced last spring. It includes an additional $4.5 million for construction of an urban corridor for the city of St. Albert.

Continuing Alberta's leadership in the provision of the best health facilities, this province's current commitment to hospital capital projects is approximately $1.25 billion.

The three major specialty facilities funded by the Alberta Heritage Savings Trust Fund will cost $350 million, as construction proceeds on the Walter MacKenzie Health Sciences Centre, the Alberta Children's Provincial General Hospital, and the Southern Alberta Cancer Centre.

Other health facility projects, announced recently by the minister or in the stages of planning or construction, total $882 million. These projects, in over 65 Alberta communities, include new hospitals, and upgrading, expansions, and renovations to existing hospitals.

In addition, capital dollars will provide improvements in the areas of physiotherapy, occupational therapy, inpatient and outpatient services, electrical, mechanical, and emergency generating systems, nursing home and convalescent rehabilitation, dietary and cafeteria services, diagnostic and treatment services, and extended psychiatric facilities. A wide range of modern, comprehensive hospital and medical equipment will be purchased.

Of the 19 new hospital projects throughout the province, two 400-bed facilities will be built in Calgary and another two in Edmonton.

This year, government spending on university, college, technical and vocational institutes for capital purposes will exceed $100 million. At a time when most other provinces in Canada have slowed their programs, Alberta continues a major capital program to assist in reflecting the skilled work force requirements of our rapidly expanding economy.

This capital budget provides $104.7 million in 1980-81 for the construction of new and ongoing projects, the replacement of furnishings and equipment, renovations to existing facilities, and planning funds for possible future projects.

The total commitment to all postsecondary education capital projects currently exceeds $230 million. These projects, at 13 separate institutions, will benefit the communities and surrounding areas of Grande Prairie, Lac La Biche, Fort McMurray, Edmonton, Calgary, Banff, Lethbridge, and Fairview.

This budget contains an expanded commitment to three major water and sewer programs, the basic building blocks for orderly growth in Alberta's communities:

-the municipal water supply and sewer treatment grant program will provide grants to municipalities of $22 million, an increase of $4.2 million over the comparable 1979-80 estimates;

-the new water and sewer regionalization program, cost sharable with the municipalities, will provide in excess of $500 million worth of basic municipal facilities over the next 25 years;

-as well, the federal/provincial community services program will provide funding in 1980-81 of almost $13 million for storm sewers, water distribution and sewer treatment facilities.

Additionally, Alberta Environment's capital budget includes $2.3 million for 1980-81 for replacement of the Vermilion dam and almost $10 million for the needed Red Deer-Dickson dam project. There is $8.7 million available for the Alberta environmental research centre in Vegreville, which will begin operations this spring.

Provincial policies, which have successfully stimulated the resource explorers and risk-takers to find the oil and gas from which royalties flow, have enabled us to maintain a level of taxation which is the lowest in Canada. This fiscal flexibility has been used to enhance the wellbeing of every Albertan.

Highlights of the changes to Alberta's tax structure in recent years include the following:

-The trail-blazing Alberta property tax reduction program, including the senior citizen renter assistance grant, which was introduced in 1973, increased in 1978, and again in 1979. The 1973 renter assistance tax credit was enriched in both1974 and 1979.

-Provincial taxes on gasoline were reduced in 1974 from 15 cents a gallon to 10 cents a gallon, and completely eliminated in 1978. The farm fuel distribution allowance was increased to provide a 12 cent per gallon benefit to farmers.

-In 1975 the Alberta personal income tax rate was reduced by almost 30 per cent. It is significantly below rates in other provinces.

-In 1975 an Alberta income tax rate reduction specifically for low income earners was introduced: it was improved in 1978 and again in 1979.

-The Alberta royalty tax credit, new in 1974, effectively reduced the oil and natural gas royalties paid by our small Canadian explorers and producers, and helped them compete with the large multinational companies, and

-In 1979 the Alberta small business deduction reduced the provincial tax rate on small Canadian controlled private corporations from II per cent down to 5 per cent.

Partly as a result of these changes, total budgetary revenue, exclusive of revenue from production and sale of our petroleum and natural gas assets, has declined as a percentage of Alberta's gross domestic product from 10.4 per cent in 1971 to an estimated 8 per cent in 1980. This has been possible because depleting resources have provided an increasing proportion of Alberta's budgetary revenue.

Health care insurance premiums should at least partially reflect the growth of basic health care costs. Due to the steady increase in health care costs, and in light of the forecast growth in the health care deficit, attributable to those citizens who pay premiums, premiums are to be increased, as announced, by $1 per month for single persons and by $2 per month for families, effective July 1this year. The annual premium rates will therefore move to $103.80 for single persons and $207.60 for families. This is the first premium increase in two years; the high-quality, comprehensive medical care available to Albertans is still a real bargain. Even with these modest premium increases, the health care deficit will rise by some 40 per cent or $48.3 million this year.

To shield lower income earners from this modest premium rate increase, the coverage under our premium subsidy program will be simultaneously expanded. Our senior citizens will continue to remain exempt from payment of any and all health care premiums.

As recently announced, we are establishing an Alberta administered business incentive tax system that will, over time, be more sensitive to our needs and objectives. It will further encourage a climate of investor confidence in Alberta, and will stimulate the expansion of small Alberta businesses.

The new system will be put into place in two stages. First, during this spring sitting The Alberta Corporate Income Tax Act will be introduced: it will enable Alberta to collect its own corporate income tax, effective January I, 1981. At this stage, however, there will be no change in the method of determining tax payable to Alberta. We welcome submissions from the business community and others as to the specific tax incentives which could support our economic strategy of business expansion, diversification, creation of new and better jobs, and increased manufacturing and upgrading of our resources.

The second stage will take place, after review of the submissions, in 1981-82, when amendments to provide specific tax incentives for subsequent years will be brought forward.

Revenue Canada will continue to collect Alberta's personal income tax.

As the Premier stated in this Legislature on April 2, 1974:

Because there is regional economic and business diversity in Canada with unique provincial problems and prospects, we believe that flexible taxation policies are required at the provincial level to recognize these differences. Tax policy. . . must become a tool for taking advantage of strengths and opportunities.

Alberta's revenue structure stands in stark contrast to that of any other province. Taxes, primarily personal and corporate income taxes, provided less than 20 per cent of total revenue; the average for all provinces is 53.6 per cent. Revenue from our depleting resources provided over 55 per cent of Alberta's revenue, and this proportion has been increasing in recent years. Most provinces receive' less than 2 per cent of their revenue from non-renewable resources.

Total 1979-80 budgetary revenue is now forecast to be $5.809 billion. This exceeds the original 1979-80 estimate by $554 million, and results largely from:

-unabated exploration activity in Alberta, bringing revenue from the sale of Crown leases to continued record levels;

-price increases for domestic natural gas of 15 cents August 1979 and February 1980, not included in last year's budget:

-the price and volume of exported natural gas being higher than originally estimated; and -1978 personal income tax receipts being higher than forecast.

For the 1980-81 fiscal year, total budgetary revenue is estimated to increase by 23.2 per cent, to $7.158 billion, from the 1979-80 forecast of $5.809 billion.

Total non-renewable resource revenue is estimated to amount to $5.812 billion in 1980-81. After an allocation of 30 per cent or $1.744 billion to the Alberta Heritage Savings Trust Fund, $4.068 billion will be included in budgetary revenue. This represents an increase of 24.1 per cent over the 1979-80 forecast of $3.279 billion. As is our practice, the budget incorporates only currently established prices. Therefore, the 1980-81 estimate of resource revenue includes no anticipated domestic oil and gas price increases.

Total tax revenue is estimated to increase by 28.8 per cent, to $1.473 billion in 1980-81, from last year's forecast of $1.144 billion. Taxes provide only about 20 per cent of Alberta's total budgetary revenue. Net personal income tax revenue is estimated at $850 million, an increase of 10.5 per cent. Net corporate income tax revenue is expected to nearly double to $426 million in 1980-81, due largely to delays in 1979-80 receipts under the Alberta/Canada tax collection agreement.

Payments from the government of Canada are estimated to total $666 million in 1980-81, an increase of 14.2 per cent. In relative terms, though, payments from the government of Canada, as a proportion of total budgetary revenue, are expected to decline from 10 per cent in 1979-80 to 9.3 per cent in 1980-81.

Interest and investment income have become an increasingly important source of budgetary revenue, reflecting the build-up of financial assets in recent years. However, the municipal debt reduction program of 1979 reduced provincial assets by $1.031 billion. Also, the proposed hospital debentures retirement program and the partial pension funding policy, both announced recently, are expected to reduce General Revenue Fund assets by another $1.44 billion.

This government and this generation have a duty to avoid saddling future citizens with crippling taxes or massive debt. Therefore, as earlier announced, the government will take a major initiative in the financial treatment of provincially administered pension plans. Under legislation to be introduced this fall, a $1.1 billion investment fund will be established, beginning in the 1980-81 fiscal year, to provide partial funding of these plans. Current temporary budgetary surpluses provide an opportunity to set aside moneys to partially fund these pension plans.

This initiative is for the benefit of Alberta taxpayers now and in the years ahead.

It is now appropriate to put the financing of hospitals on the same pay-as-you-go basis, as with most other public works. As recently announced, all of the debentures which are supported by the province as of April 1, 1980, will be retired during 1980-81 at a cost of $340 million. All hospital capital construction after April 1, 1980, will be financed by annual capital grants as required.

Primarily because of higher than anticipated non-renewable resource revenue, the budgetary deficit of $373 million which was expected for 1979-80 in last year's budget, after deducting the cost of the municipal debt reduction program, is now forecast to be a surplus of $79 million.

For 1980-81, I estimate a budgetary surplus of $1.749 billion before the extraordinary expenditure for the hospital debentures retirement program and the transfer of assets to the pension plan fund. After deducting the cost of these two programs, a budgetary surplus of $309 million is estimated for 1980-81. Net non-budgetary cash requirements are estimated to be $5 million. The increase in cash, term deposits, and investments of the General Revenue Fund will be $308 million. Net assets of the General Revenue Fund at March 31, 1981, are estimated to be approximately $3.1 billion.

I estimate the Alberta Heritage Savings Trust Fund will increase in value by $2.3 billion during 1980-81. Of that amount, $1.72 billion represents the transfer of 30 per cent of non-renewable resource revenue on a cash received basis. Investment income accruing to the Alberta Heritage Savings Trust Fund is growing at a significant rate; it is estimated to be about $580 million during 1980-81, about equal to the entire budget of the province in 1966-67. Total assets of the Heritage Savings Trust Fund should reach roughly $8.7 billion by March 31. 1981.

The fact that Alberta's budgetary position is roughly balanced for 1980-81 is cause for reflection. True, there are two extraordinary expenditures this year, which significantly reduce the surplus. But the $1.1 billion transfer to the pension fund is sufficient only to partially fund the provincially administered pension plans; further transfers would be necessary to make the plans financially self-supporting. And while this budget retires the outstanding debt of hospitals and nursing homes, there are still other public-sector entities in the province which carry debt.

There remains a great deal which could be done to improve Alberta's finances and to strengthen the base which has been built for the 1980s.

In summary, Mr. Speaker, this budget:

-reflects a commitment exceeding $1.25 billion to new, upgraded, and expanded hospital facilities in over 65 Alberta communities;

-boosts housing in a major way, with the commitment of over half a billion dollars of new Heritage Savings Trust Fund money to finance significant expansion of the Alberta family home purchase program and the core housing incentive program, including enriched subsidies;

-increases road and highway building and rehabilitation by almost 25 per cent to $562 million;

-includes new and expanded programs in health care, social services, education, and recreation, with emphasis on services for senior citizens, children, the handicapped, and those with special needs;

-provides record' high levels of support for basic and advanced education systems;

-continues a tradition of sound financial management, a 30 per cent resource revenue transfer to the Heritage Savings Trust Fund, and new pension and hospital funding approaches to protect future taxpayers; and

-proposes more than $1 billion for capital projects of long-term benefit to the economy.

Proudly looking back over 75 years of remarkable achievement, optimistic Albertans look ahead to a future that can be filled with opportunity and a quality way of life. Alberta is strong and our prospects arc exciting it fairness and equity prevail.