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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Alberta | 19e | 4e | Discours du budget | 18 mars 1982 | M. Louis D. Hyndman | Trésorier provincial | PC |

**Mr. Hyndman:** Mr. Speaker, the 1982 budget message is straightforward: after many years of exceptional growth, we face difficult times in the months ahead. However, the Alberta economy will still be the strongest in Canada in 1982 and, with renewed investor confidence, the future will be promising for jobs and improved quality of life.

1981 was a turbulent and historic year for Albertans. This province's leadership with regard to energy resource ownership and constitutional reform will be a continuing source of strength for our citizens and will help provide stability and a climate for continued risk-taking and entrepreneurship.

1982 will be a transition year, with mixed economic opportunities for our citizens, but with good prospects for 1983 and beyond. The conventional oil and gas industry is still struggling in the aftermath of the federal energy program. Much of the rest of Canada is in the grip of a recession, and all Canadians are suffering under the burden of high interest rates and high inflation. The United States, our most important trading partner, is facing serious economic problems. Alberta will be affected. Although the Alberta government can take some initiatives to assist temporary, severe hardship situations, we are not an economic island isolated from national and international developments; we can seek only to reduce the negative impact of these national and international pressures.

Economic performance among major western industrialized countries continued to be weak in 1981, with growth in real output averaging only 1.3 per cent. This weak economic performance stemmed from the sharp rises in international oil prices in 1979 and 1980, coupled with restrictive monetary policies and, in most cases, tight fiscal policies adopted by governments to fight inflation. With prolonged and increasing weakness in the United States economy, international economic prospects for 1982 are not encouraging. Real growth among major countries is anticipated to be a very low I per cent in 1982. Unemployment rates will rise, but most countries are expected to gain somewhat in the battle against inflation. These economic circumstances do not auger well for Canada.

After a modest recovery in 1981, the United States is expected to record a decline in real output in 1982. The extent of this decline is uncertain. Some forecasters expect interest rates to move downwards, resulting in a turning point in the economic cycle in the latter part of the year. But many other forecasters are not convinced that a recovery, however modest, will occur in 1982. Indeed they see a major conflict between the United States' fiscal policy, with its large and growing federal deficit, and the Federal Reserve's restrictive monetary policy. They argue that the clash will mean higher, not lower, interest rates which will stem any economic recovery. The prospect of resurging American interest rates is of great concern to many Canadians.

The Canadian economy performed very poorly in 1981. Inflation escalated to a 33-year high, unemployment rose to record levels, and interest rates remained a heavy burden on Canadians. With the United States in a sharp recession and most other major countries experiencing weak growth, the prospects for a significant Canadian recovery in 1982 are not encouraging.

Along with many other Canadians, Albertans disagree with most of the federal government's economic policies.

If the federal interest rate policy is continued through 1982, farmers, small business men, and home-owners will be in especially difficult circumstances.

The federal monetary policy has been to track all the ups and downs of the American interest rates to protect the value of the Canadian dollar. As I've mentioned, those rates may climb again later this year. But there is an alternative: we would not have to track American rates in future if our federal government put in place, now, a constructive economic strategy to increase exports, particularly natural gas, encourage risk-takers, and create a climate for private investment.

With such a strategy in place, we could have a made-in-Canada interest rate policy. Canadian interest rates would then not have to rise automatically if American rates climb again, and the dollar could be allowed to decline in an orderly way. The result: import replacement by Canadian manufactured goods, more investment, and a boost in consumer spending. Alberta, as a significant exporting province, would enjoy increased export sales with a lower valued Canadian dollar.

The key to restored economic growth is investor confidence. The Alberta experience in the '70s shows investor confidence is a vital ingredient to economic progress. The recent federal budget severely dampened confidence. The abrupt cancellation of numerous investment incentives designed to strengthen the Canadian economy, now called "loopholes", was very damaging. Small Canadian investors, already discouraged by weak economic growth and high interest rates, were dealt a harsh blow.

Canada desperately needs a medium-term plan for economic recovery that is supported and understood. In this diverse country, it is essential that national economic policies and national goals be developed co-operatively among our 11 governments.

In 1981, Alberta's economy moved ahead surprisingly well, despite high interest rates and the damage to the oil and natural gas industry by the Ottawa energy proposals of October 28, 1980. Real gross domestic product advanced by 4 to 5 per cent; investment grew by 22 to 23 per cent; average weekly earnings .increased by 14.4 per cent, compared to an inflation rate of 12.9 per cent; and 61,000 new jobs were created. This solid performance stemmed from robust activity in petrochemicals, coal mining, agriculture, tourism, and research. The increasingly diversified nature of the maturing Alberta economy was clearly evident.

However, Alberta cannot avoid the negative effects of federal economic policies which hurt the whole country. Your government will continue to press for changes to the federal policies. We can take steps to help reduce their harmful impact, but the reality is that Alberta's full potential will not be realized this year; surging economic growth has been postponed.

Nevertheless, I expect the Alberta economy to register, once again, the best performance in Canada in 1982. Alberta's gross domestic product may grow slightly faster than it did last year. Although no business or industry is recession-proof, most Albertans should be able to do relatively well.

Investment in 1982 is expected to grow at about the same rate as last year. In relation to its size, Alberta has by far the highest level of private investment of any province in Canada. In 1981, Alberta per capita private investment was $7,720 compared to about $4,100 in British Columbia, about $2,700 in Ontario, and about $3,600 in Saskatchewan.

The unemployment rate in Alberta is expected to rise somewhat in 1982, from the 3.8 per cent registered in 1981. Growth in employment, which has been at record high levels recently, is forecast to slow to about 4.5 per cent in 1982. While there will continue to be job opportunities here, Canadians from other provinces who have plans to come to Alberta should know that employment prospects for unskilled workers will be poor.

In 1981, inflation in Canada, as measured by the consumer price index, was 12.5 per cent; in Alberta it was 12.9 per cent. For 1982, inflation is forecast to decelerate to about II per cent in Alberta and the rest of Canada. In Alberta, growth in average weekly earnings has consistently been ahead of inflation for most of the past 10 years.

There were over 38,000 housing starts in the province last year, a solid advance over the 32,000 units reported in 1980. The outlook for 1982 is not as bright. The 1981 federal budget effectively chopped 5,000 to 10,000 units from the private-sector investment activity that would have otherwise occurred in Alberta in 1982. Given our low vacancy rates, the continuation of high interest rates, and steady demand for housing, the federal policies are very harmful to Alberta. The government will take major measures to offset these negative effects.

Non-residential construction activity continued at record levels in 1981. Non-residential building permits in 1981 showed an 18 per cent increase in value over the previous year. Growth in about the 20 per cent range is expected this year.

The significant growth experienced in the coal industry over the past decade is expected to be carried forward in 1982. Alberta's metallurgical coal export capacity will be increased appreciably with the new Gregg River mine coming on stream and completion of the expansion of the Cardinal River mine. Construction activity will continue on the Sheerness, Keephills, and Genesee coal-fired plants for electrical power generation. Two proposals to establish other new thermal coal mines will be presented at hearings in 1982.

The North American recession has depressed the cyclical lumber market, hurting Alberta's forest industry in the short term. However, with not even half of our total timber resources yet planned for development, our forest industry is well placed to expand when world markets strengthen in future.

In 1981, Alberta's manufacturing and processing sector recorded another year of strong growth. After recording an 18 per cent increase in 1980, the value of shipments increased by 22 per cent in 1981. Particularly impressive gains were recorded in refining, wood products, metal fabricating, and chemicals. Alberta's share of the value of total manufacturing and processing shipments in Canada rose to 6.5 per cent in 1981 compared to 4.1 per cent in 1971. In 1982, continued growth in this sector is expected.

Expansion continues in the petrochemical industry, a building block in Alberta's economic diversification. Projects currently under construction are valued in excess of $2.8 billion, those approved top $1.8 billion, and a further $3.5 billion worth of projects are being planned. Total capital expenditures in petrochemical development could reach $8 billion in the '80s.

Alberta's grain farmers enjoyed a record production year in 1981, with a 39 per cent increase in cash receipts. Average prices for wheat and barley, coupled with higher grain movements, boosted total crop receipts to more than $2 billion. The value of wheat production in Alberta jumped by 75 per cent and exceeded $1 billion for the first time. Barley receipts surged ahead by 65 per cent, nearly reaching the half billion dollar mark.

Livestock operations were in difficulty in 1981, due to the pronounced weakness in the important cattle and calves area where cash receipts declined by 4 per cent. This was primarily due to a reduction in beef consumption in our large central Canadian market as consumers adjusted to high mortgage rates. Other areas did better: sales of dairy products, hogs, and poultry all rose by 17 to 18 per cent. Overall, cash receipts from livestock and livestock products rose by less than 2 per cent.

In 1981, total farm cash receipts were about 25 per cent higher than in 1980, while expenses increased by about 17 per cent. This meant an impressive 53 per cent increase in realized net farm income in 1981, although the benefits were not evenly spread throughout the farming community.

Agriculture is a difficult sector to forecast, as farmers know all too well. Gross farm receipts are determined mainly by external market factors, world crop conditions, and beef consumption in central Canada. With crop receipts unlikely to match 1981 record levels, only slight improvements expected in livestock and further but more moderate increases in farm expenses, the outlook for 1982 is mixed.

Input costs faced by the Alberta farmer continue to be held down by low provincial taxes, by the natural gas price protection plan, and by the farm fuel distribution allowance, which assures the lowest agricultural energy costs anywhere in North America.

Of crucial importance to Albertans was the energy agreement between the governments of Alberta and Canada, signed on September 1, 1981. That agreement not only established a royalty, taxation, and pricing system for oil and natural gas; it also recognized the principle that key aspects of a Canadian energy policy can only be put into effect with the consent of those provinces owning the resources. The agreement forced the federal government to back down on a natural gas export tax and to accept a much higher pricing schedule for our existing conventional oil production and oil sands production.

Regrettably, a key segment of the Alberta economy was severely hurt by the federal energy policies of October 1980. So serious was the damage that it will take a year or more before our conventional oil and gas industry regains its vitality. This situation was compounded because natural gas producers were experiencing declining revenues prior to the fall of 1980 as sales to the United States had dropped dramatically. Over the past six months, these problems for the industry have been further aggravated by the federal "loss-of-confidence" budget of November 1981, by high interest rates, and by a softening of world oil markets.

Oil and gas drilling declined significantly in 1981. In February of this year, 302 rigs were at work compared to 375 a year previously. Today's drilling activity is at approximately the 1979 level.

In 1982, a modest increase in drilling activity may occur. Selective Alberta royalty changes and changes in incentive programs, some of which have already been made, will help tailor the provisions of the energy agreement to specific segments of the industry, particularly the smaller producers. Drilling activity is expected to accelerate during next winter's drilling season. Special responses to the difficulties of the oil and gas servicing sector are being developed.

In 1981, conventional crude oil production declined by 8 to 9 per cent, due in part to the government of Alberta's' oil production reduction strategy to counter the proposed federal energy program. The value of crude oil production increased by 5 per cent to $8.9 billion. Oil production is expected to increase during 1982, provided certain federal marketing and compensation strategies are altered.

Production of natural gas in 1981 remained at the same level as in 1980. Exports of Alberta natural gas were 657 billion cubic feet in '81, only slightly more than one-half of the licensed export volumes. In fact, exports in 1981 fell short of minimum contract volumes, due to the recession in the United States which reduced demand. Domestic sales of Alberta natural gas increased by only 2.1 per cent in 1981. The value of natural gas production increased by 9 per cent to $5.7 billion. However, the benefit of revenue from Alberta gas volumes flowing through the Alaska pipeline pre build will improve cash flow significantly, starting in 1982.

Initiatives are required to develop our natural gas markets. In the months ahead, the government will work with the natural gas industry to develop a natural gas marketing strategy aimed particularly at markets south of the border. As part of this approach, we will press for modifications in the existing criteria for natural gas export licences.

The oil picture is markedly different from the natural gas scene. There ought to be immediate markets for oil, and the international price for new oil encourages explorers to drill for it. Already there is evidence of renewed activity in this area.

Given the sharpness of the North American economic downturn and damaging federal economic policies, the key objective of the government's fiscal policy for the 1982 budget is to assist Albertans through the transition from the boom years of the '70s to the next round of rapid growth in the '80s.

The budget provides a one-third increase in the government's '82-83 capital construction program to $2.1 billion. In addition, provincial corporations will undertake major capital investments of nearly $3 billion. This massive increase in capital spending planned for 1982 will stimulate the economy and create jobs.

This strategy will have the added benefit of ensuring that the necessary social and economic building blocks are in place in an orderly fashion before the next round of vigorous growth expected in the medium term. If we delay, government may well be competing with the private sector for skilled labor as well as scarce materials and supplies, thus impeding our economic progress.

In addition, there are certain sectors especially hard hit by federal policies where selective support measures are required: housing, conventional oil and gas, and small business. The government will also maintain its support for the private-sector risk investor by maintaining a consistent and well-understood economic strategy supported by an incentive-based tax environment.

A second element of the fiscal strategy is to ensure that Albertans will continue to enjoy first-rate public services. Economic and social progress go together in Alberta. All Albertans enjoy services here unparalleled in Canada.

For 1982-83, there will be a 25 per cent increase in funding for ongoing services to people. A large part of the enormous capital expenditure in '82-83 will be directed to hospitals, schools, universities, colleges, vocational centres, parks, and facilities for the handicapped.

Sound financial management is the third element of our fiscal strategy. The goal is to hold growth of government in line with the expected trend growth in the economy. This has been a consistent fiscal policy of the government since the early 1970s. Wage guidelines for the public sector, as announced January 12 of this year, will promote investor confidence in the province.

A key to Alberta's financial management strategy is the Alberta Heritage Savings Trust Fund, now in its sixth successful year. As a savings fund, its principal objective is to smooth the difficult future transition from an economy based on depleting natural resources to one where more traditional revenue sources are required. Through its investments today, the heritage fund supports Alberta farmers, small business men, home buyers, and home builders, thereby creating long-term strength in our economy. As well, these investments will provide an income stream over the long term when our resource revenues decline.

The Alberta Heritage Savings Trust Fund is estimated to increase by $3.3 billion during 1982-83. About 60 per cent of the new funds will come from non-renewable resource revenue and the remainder from investment income. Virtually all of these funds are committed in advance to Crown corporations such as the Alberta Home Mortgage Corporation and the Alberta Municipal Financing Corporation. These estimates would put the financial assets of the heritage fund at $12.5 billion at March 31, 1983. Deemed assets of the heritage fund on that date are estimated at $1.7 billion.

The recent special report of the Alberta Auditor General notes that the investment performance of the heritage fund exceeds that of similar funds. The primary focus in the 1982-83 expenditure plan is the continuation of the wide range of high-quality, proven programs now available to Albertans.

No other province in Canada matches the comprehensive range of health, educational, social, recreational, police, and other services available in Alberta. In 1980-81, per capita expenditure in Alberta was $3,150 compared to $2,400 in British Columbia, about $2,500 in Saskatchewan, and $2,000 in Ontario. The government intends to maintain Alberta's favorable position as between provinces. However, we cannot afford to provide even more expensive public services which might be funded for a short time but which would become a heavy load on taxpayers in the years ahead.

Maintaining the highest quality services in Canada is very costly:

- The per pupil grant for a grade 10 student in Alberta in 1972, for example, was $878; this year it will be over $1,900.

- The cost per patient day for a bed in an active treatment hospital in Alberta in '72 was $58; this year it will be $328.

- In 1972, Alberta spent $12.3 million on child welfare services; the 1982 total costs will be over $10 million.

Today's increasingly costly climate, coupled with Alberta's dynamic growth, translates into very significant cost increases simply to carryon existing programs.

Merely extending provincial services to cover the population growth of roughly 76,000 people means that $235 million has to be added to the '82-83 budget. Unavoidable price increases to purchase needed supplies and adjustments to public service salaries and public salaries, add another $800 million to next year's budget. The 1982-83 budget, therefore, has to rise by more than $1 billion just to stay where we are now.

For 1982-83, quality improvements total $775 million.

This includes selective enrichments to existing programs, introduction of a few new programs, and several major new capital construction projects. Overall, these quality improvements represent 9.2 per cent of the budget. Most of these improvements will result in built-in increasing future operating costs in budgets down the road.

The total voted operating and capital budget of the province for 1982-83 will be $8.467 billion, an increase of 27.2 per cent over last year.

The increase in the number of permanent civil service positions in '82-83 is 4.5 per cent, in line with the expected growth in Alberta's labor force for the year.

The 1982-83 operating budget makes up roughly 75 per cent of total expenditure; it will increase to $6.324 billion, a rise of over 25 per cent over the comparable '81-82 estimates or 24.1 per cent over the revised budget forecast for the current year. This compares to a 15.3 per cent increase in the '81-82 revised budget forecast relative to actual expenditure in '80-81. Numerous programs subsidize and shield Alberta consumers, and provide benefits and lower costs.

To control the size of government, one of our key budgetary policies has been to keep the trend growth in operating costs at or below the rate of expansion in the provincial economy. In 1982-83, the share of Alberta's economic output devoted to operating costs of provincial programs is 10.7 per cent, which is remarkably consistent with past years and below the level recorded in 1978-79.

The '82-83 funding for the total range of social services and community health will top the $1 billion mark for the first time, an increase of more than 22 per cent over the comparable '81-82 estimates. This is tangible evidence of the government's major commitment to Albertans with special needs.

There are healthy increases to every social service program. Social allowances to those in need rise by over 27 per cent to more than $271 million; child welfare services go up by over 28 per cent to almost $102 million; vocational rehabilitation services receive an almost 30 per cent boost to $17.4 million; services to the handicapped increase by more than 17 per cent to over $100 million; and the alcoholism and drug abuse area receives an over 25 per cent rise to over $21 million. Day care operating allowances increase by 69 per cent to almost $28 million.

The general health services program promotes good health practices through prevention and control of communicable diseases and rehabilitative health services. It will be expanded by close to 35 per cent with a budget of $40 million.

The extended health benefits program for senior citizens and the aids to daily living program for the handicapped are boosted by 51 per cent to almost $22 million. The budget for a full range of mental health services is increased by 19.7 per cent to more than $88 million. Local health units will receive $75.6 million, an increase of almost 21 per cent. The Public Guardian's office will receive a more than 70 per cent increase in funding to help meet the needs of many senior citizens and other dependent adults.

To ensure effective delivery of these programs, more funding is provided for computerized systems, planning studies, and professional training consultants. The decentralized district offices, an integral part of the new strategy to improve program delivery, will receive an additional $9.8 million in this budget.

The pioneer contributions of our senior citizens to Alberta's development are remembered. The government's 100year record of assistance to them is unmatched:

- The Alberta property tax reduction plan provides senior citizen home-owners with a benefit of up to $600. Senior citizens in apartments are eligible for the $1,000 renter assistance grant. The total cost this year is over $60 million.

- The Alberta pioneers' repair program has provided over $75 million to over 38,000 senior citizens, with a further $14 million committed this year. Grants of up to $2,000 assist in upgrading and maintaining the homes of senior citizens who wish to remain in their neighbourhoods.

- Total government spending on senior citizen housing exceeds the one-half billion dollar mark for a total of 17,000 units. In '82-83, more than $134 million is provided for 2,200 units of self-contained housing and more than $26 million for 550 units of lodge accommodation.

- Premium-free coverage as well as numerous other health benefits will cost an estimated $180 million in '82-83.

- The Alberta assured income plan, which supplements a federal program, will be increased this year to a maximum of $95 per month for approximately 85,000 senior citizens in Alberta at a projected cost of almost $71 million.

- Direct assistance under the social allowance for the aged program is budgeted at over $17 million.

Numerous other programs directly benefit our elderly citizens, including the absence of a sales tax, first-rate health care, and major support for urban transportation systems.

A major priority has been to provide affordable accommodation to home-owners and renters. No other province in Canada provides either the range or the level of shelter assistance programs available here.

We continue to face extraordinary pressures in the housing market, due to continued population increases, high interest rates, and the federal elimination of the various successful tax incentives for construction of residential buildings. Accordingly we must continue to be involved in a major way in stimulating construction for ownership and rental housing.

More than 50 per cent of all the new housing in Alberta in '82-83 will be financed by the Alberta Heritage Savings Trust Fund. Approximately one-quarter of the entire Alberta Heritage Savings Trust Fund is invested to provide homes, apartments, condominiums, duplexes, senior citizen housing, and nursing homes in Alberta for Albertans.

To make new housing more affordable, and to reduce the impact of high mortgage rates, $60 million in subsidies to lower and middle-income Alberta families will be provided through the very popular Alberta family home purchase plan. Recent amendments to the program allow families without dependent children to be eligible. A new home-owner under the plan can receive a subsidy of up to $570 per month, significantly reducing the effective mortgage rate.

$34.5 million in subsidies to encourage rental construction is provided in the budget under the core housing incentive program, thus easing the burdens on renters with low incomes.

Rents for senior citizens' self-contained and community housing units will not exceed 25 per cent of income.

Ensuring that Albertans have access to top-quality health care services is a continuing priority. To meet this commitment, in 1982-83 the government's operating funds for active care and auxiliary hospitals and nursing homes will increase by $228 million, or almost 26 per cent over last year's estimates, to more than $1.1 billion. Roughly two-thirds of this increase is attributable to wage and salary increases for health care workers and operating cost increases. $23 million will go toward the operating cost of new or renovated facilities.

Several cardiac care and research programs, initially funded through the heritage fund, are now fully operational and will cost almost $14 million next year.

Funding for basic and advanced education continues to escalate. The 1982-83 budget for basic education will reach the $1 billion mark for the first time. This 19.6 per cent increase demonstrates unequivocally the top priority attached to educating our young people.

$108 million will be added to basic operating grants of the grades 1 to 12 School Foundation Program Fund for a total of more than $721 million. An additional $40.2 million will be provided to upgrade older facilities under the very successful building quality restoration program and to retire debt.

Strong emphasis continues on special education programs for the handicapped. Funding will increase by almost 26 per cent to over $69 million. This includes $4.7 million for special education program unit grants for the severely disabled. $2 million is included to begin operation of multi-sensory handicapped programs in Edmonton and Calgary. $500,000 is available for a new materials resource centre in Calgary to serve southern Alberta.

Total funding of early childhood programs will increase by 38 per cent to over $46 million.

For our advanced education system, operating grants to our colleges, universities, and technical institutes in '82-83 will increase by 18.9 per cent to $573 million.

The transition of the Northern and Southern Alberta Institutes of Technology to public, board-governed status this year will require $12 million for operating and capital purposes.

To help meet nursing shortages in Alberta, more than $7 million is proposed to introduce new nursing programs at Grande Prairie and Fort McMurray, and to expand existing programs.

To meet the expected demand for court services, funding in '82-83 will increase by 25.5 per cent to over $43 million. Financial support for legal aid will increase by over 36 per cent to $6.8 million.

In '82-83, funding for services of the Royal Canadian Mounted Police will increase by over 43 per cent to $45.6 million under the new 10-year policing agreement signed with the federal government. The number of RCMP officers in the province will increase by 4 per cent, to ensure that those policing services keep pace with population growth.

The operating budget for correctional services will rise by slightly over 18 per cent to $63 million, and 81 new positions will be added.

In July 1983, Edmonton will host the world-scale XII University Games. Over 4,500 participants are expected. Total provincial financial support is $10.7 million.

Also in the summer of 1983, the city of Calgary will host the Western Canada Games, drawing athletes from all four western provinces and the territories. $1.2 million is provided in operating support.

Funding for the operation of parks for Albertans will increase by 25 per cent to almost $35 million. Government support continues to widen the rich cultural dimensions of the province. The literary arts grant program will be more than doubled to $376,000, to benefit publishers and Alberta authors. Library grants will increase by over 20 per cent to over $9 million, to assist regional and municipal libraries. The library system itself will receive $562,000, a 51 per cent increase in funding, to promote sharing of library material.

To match the contributions of Albertans who wish to respond to poverty in other parts of the world, international assistance grants will be increased by over 44 per cent to $7 million in '82-83. After the federal government withdrew its support for Native Outreach, Alberta agreed to continue this important program at a cost of $830,000 in '82-83. The special economic stabilization program of Alberta Transportation will funnel moneys into reserves and access roads. Provincial services to natives will expand through the family and community support services program. Two senior citizens' lodges will be constructed on reserves.

A five-year development program will be started in the eight Metis settlements in the province, including industrial, recreational, water, and sewer projects. The first year cost is $2 million. Support will be provided to enable research on Metis aboriginal rights to proceed in preparation for the future first ministers' constitutional conference.

Municipalities and taxpayers continue to benefit again this year from the unique municipal debt reduction program of three years ago.

In '82-83, unconditional assistance grants to municipalities will increase by 11 per cent to $87.6 million.

The municipal debenture interest rebate program, which provides subsidized interest costs on eligible municipal borrowing, will double in '82-83 to over $86 million. The program will save property tax payers in Alberta millions of dollars by shielding them significantly from high interest rates.

A 10-year grant program eases the adjustment resulting from expansion of Edmonton's boundaries. In '82-83 the municipal district of Sturgeon and the counties of Strathcona and Parkland will receive a total of $4.5 million.

Agriculture is the renewable resource mainstay of Alberta. The government's twin goals are to boost net farm income and to strengthen the family farm. Reflecting major support for our farmers, the operating budget for Alberta Agriculture will increase by over 42 per cent to more than $152 million.

In recognition of the key financing role of the Alberta Agricultural Development Corporation, its '82-83 operating grant will be increased to $58.7 million, more than double last year's comparable estimate. This boost will provide substantial incentive rebates, thus sheltering beginning farmers, expanding agricultural operations, and agribusiness from high interest rates.

Farmers are shielded from the impact of energy input costs to the extent of $28 million through the farm fuel distribution allowance.

Increased marketing of Alberta's agricultural products in the domestic and international market place remains a high priority. The out-of-province promotion program will be increased by almost 48 per cent to $130,000. Financial assistance for international shows, promotions, and missions will be increased by almost 30 per cent to $561,000.

The budget provides for the new $1 million beef promotion campaign, part of the one-time $136 million beef cattle and sheep support program which assists livestock producers hard hit by record high interest costs and lower demand.

The '81-82 feed freight assistance program, funded by a $2.8 million special warrant, assists livestock producers affected by drought.

Alberta's pork producers have also been hurt by high interest costs and poor market conditions. The emergency stop-loss program for hogs was extended into '81-82, through a $7.1 million special warrant. In addition, a $10 million special warrant was approved to provide a grant to the Alberta Pork Producers' Marketing Board for a contributory assured returns program.

Support for agricultural processing industries will be enhanced. Funding under the rapeseed crushing assistance program will be increased to $1.4 million. Capital grants to nutritive processing businesses will be more than doubled to $6.6 million to reflect the expanded Canada-Alberta Nutritive Processing Agreement signed last fall.

Funding is increased for the weather modification program and the lime freight assistance program. Alberta Terminals Ltd. will receive $3.6 million in '82-83 for the upgrading of its grain handling facilities in Edmonton, Calgary, and Lethbridge.

Funding for the operation of agricultural service boards and for agricultural societies will rise to $5.7 million.

Alberta farmers will also benefit from the $25 million Farming for the Future research program of the Alberta Heritage Savings Trust Fund; from the $200 million in provincial support anticipated for the Prince Rupert grain terminal, part of it from the heritage fund; and from the 1,000 grain hopper cars purchased by the heritage fund at a cost of $56 million.

Our clearly defined economic strategy - to build on our natural resource strengths of agriculture, energy, forestry, coal, research, and tourism, and to diversify the Alberta economy in a balanced way throughout the province - is succeeding.

The small business private sector is the main engine of growth in the Alberta economy. None the less, government can act selectively as a catalyst to help overcome Alberta's geographic and economic disadvantages. The Department of Economic Development spearheads government initiatives with a budget for '82-83 of over $50 million. Trade development operations will be increased by over 47 per cent in '82-83. The Alberta Motion Picture Development Corporation, created with an initial capitalization of $3 million, will commence operations this year.

The budget of the Department of Tourism and Small Business is increased to over $20 million. Additional small business counsellors will be made available in Edmonton and Calgary, and a new regional office will open. The government will request additional funds for the Alberta opportunity Company, so small businesses can continue to secure financing.

A continuing government priority has been to ensure fair energy prices for Albertans. Under the natural gas price protection plan, the price of natural gas to our citizens is reduced to 65 per cent of what other Canadians pay to buy our gas at the Alberta border. In effect, Albertans pay no royalty on natural gas they use. The plan is complemented by the remote area heating allowance. In '82-83 an estimated $151 million in rebates will be paid out to Albertans, thus providing by far the least expensive heating fuel in North America.

To honor further our commitment to fair energy prices, the Alberta Electric Energy Marketing Agency has been established to administer a new program designed to provide more equal electric energy costs to our citizens. Power will be purchased from generation facilities, costs will be pooled, and power will then be sold to distributors at an average price. A five-year, declining subsidization program will shelter consumers whose electric utility costs are currently below the provincial average. The first-year cost of the subsidies is estimated at about $72 million, based on a September 1, '82, start-up date.

The budget provides $3 million this year for the timber salvage incentive program started in '81-82. The program has assisted significantly many lumber and sawmill operators during the current slowdown. There is also increased funding to control pests and fight forest fires with more effective detection and suppression equipment.

Funding for public lands management will be expanded in the coming year through the public grazing lands improvement program.

New hospitals, housing, roads, parks, and educational facilities will benefit Albertans today and also generations to come. The proposed Alberta capital budget for '82-83 will be almost double the capital budget of just two years ago.

The '82-83 capital budget will increase massively to over $2.1 billion, one-third higher than this year's record capital spending. By proceeding with capital projects in advance of the next round of vigorous growth, the government will get good value for the dollar. Also, a high level of capital expenditure will help to stimulate the economy during a difficult time, with multiplier effects to business and jobs all across the province.

Albertans enjoy health care facilities second to none in North America. Currently under way are hospital construction and renovation programs with a value of $1.7 billion. In '82-83, capital funding will be increased by 56 per cent, or $115 million, to a record level of $320 million.

Under construction now are 19 projects in 16 communities. They involve new hospitals and the upgrading of existing facilities. Construction is scheduled to begin this year on 46 projects in 36 communities. Planning and design will continue on 17 projects. Included in these totals is $21 million to continue the planning and design of four new major hospitals, two in Edmonton and two in Calgary.

Approximately $30 million is proposed for the purchase of major medical equipment at hospitals throughout the province. An additional $6.6 million is provided to undertake fire code safety upgrading projects. A new Red Cross blood transfusion facility will be started this year at an estimated cost of $27 million.

Total capital improvements to the province's transportation systems will approach a record $750 million in '82-83. This represents a 25 per cent increase over last year's comparable estimates of $600 million and approximately a tenfold increase in capital expenditure on roads, highways, bridges, and mass transit since '72-73.

Last year, over 2,300 kilometres of primary and secondary highways were resurfaced and reconstructed. Over 1,400 kilometres of local roads were upgraded through the economic stabilization program introduced last year to employ small contractors on rural and local road projects.

Primary highway systems will receive more than $62 million this year for a total of over $251 million. This includes $35 million for the continued twinning of Highways 1 and 16, and $5.6 million for commencement of construction on Highway 40, south of Grande Prairie.

To preserve our huge existing highway inventory, $50 million will be spent under the pavement rehabilitation program this year, an increase of 44 per cent. By March '83, over $106 million will have been invested over three years to safeguard and upgrade our multi-billion dollar investment in primary and secondary highways.

Construction under the rural resource roads program will cost more than $41 million this year, bringing the total investment over the three years to over $100 million.

The economic stabilization program for small contractors will be continued at a funding level of $20 million. Almost $45 million in financial assistance will have been extended to local governments for the construction of rural roads and to stimulate the economy since the introduction of the program.

Capital grants under the urban transportation financial assistance program will jump by more than $52 million to $190 million in '82-83, a major increase of almost 38 per cent. At the end of 1982-83, the fourth year of the program, capital expenditures will have exceeded $546 million. No other province has for its cities a comprehensive, multi-year assistance program of this magnitude.

Funding for the Alberta municipal water supply and sewage treatment grant program will rise by 16 per cent over last year to $87 million. The original budget of $75 million for last year was supplemented by a further almost $25 million during the year. In '82-83, major projects will be started in Camrose, Drumheller, Grande Prairie, and Bonnyville. Under this uniquely Alberta program, 296 water and sewer projects in various communities have received provincial financial assistance since 1979-80, and thousands of our citizens will benefit.

Funding for the regional utility program will double in 1982-83 to $40 million. Major projects for the year include construction of a water line to Vegreville and additional work in the Edmonton region.

Excellent progress was made last year on the Dickson dam southwest of Red Deer. Special warrant funding of $21 million was required during the year to continue work on the project, and $54 million in further funding will be provided this year to complete the dam.

Last year an agreement was signed with the Peigan Indian Band at Brocket for a right of way to a dam located on the reserve. Over $300,000 is provided in this budget for lease payments.

To enhance our preparedness for emergencies and disasters, the budget of Alberta Disaster Services will increase by 52 per cent, largely to reflect administration of a new transportation of dangerous goods Act. Initial steps towards the establishment of a hazardous waste treatment facility will be taken in 1982.

The northern supplementary fund will be increased this year by over 42 per cent to $5.7 million. In addition to providing assistance for the construction of many small treatment facilities, the budget will help finance the completion of a major sewage system in Fort Chipewyan.

To help keep Alberta's rivers clean, the phosphorous removal program will be enhanced by $3 million to a total of $8 million. Special treatment facilities in Calgary are currently being constructed.

Irrigation rehabilitation and land reclamation, supported by the Alberta Heritage Savings Trust Fund for Albertans, will continue.

Projects to continue improving our social service facilities will move ahead in '82-83. The Baker Centre replacement plan is moving ahead, with a projected total cost of $1.8 million. This construction will continue the decentralization of services for handicapped children in southern Alberta. The Claresholm Care Centre will receive a new 40-patient residence and other renovations at a total cost of almost $5 million.

Provincial capital spending for universities, colleges, and technical institutions will rise by almost 22 per cent to $180 million.

$31 million will start the construction of a new business administration and commerce building at the University of Alberta, a phase two expansion for Mount Royal College, and new facilities for Lakeland College. The estimated cost to completion of these three projects is over $118 million.

Over $74 million is allocated to renovate facilities at 18 universities, colleges, and technical institutions. Almost $52 million will be required to complete a large number of projects started over the last two years.

A further $8 million will be recommended for the 19808 advanced education endowment fund, to match private donations for public institutions.

Through the Alberta Municipal Financing Corporation, the government will provide $175 million this year for grades 1 to 12 school construction and school renovation. The Alberta School for the Deaf in Edmonton will receive additional student residences to cost $2.2 million. The new Alberta correspondence school in Barrhead will be substantially completed.

New multi-purpose correctional centres for men and women in Red Deer and Medicine Hat are planned.

New courthouses will be planned for Lacombe, Olds, and Killam, with an estimated construction cost of almost $5.5 million. Planning for new juvenile and family courts in Calgary and Edmonton will proceed. The continued construction of the addition to the Edmonton law courts is estimated to cost over $23 million in this budget year.

Provincial capital support for the XII World University Games and the Western Canada Games will leave a legacy of sports facilities for Alberta athletes and sport enthusiasts in Edmonton and Calgary.

Supplementary funding provided $22 million in '81-82 for the commencement of construction of the coliseum in Calgary.

In addition to the $21 million in supplementary funding made available last year for the highly successful major cultural recreational facility development program, a further $20 million will be provided to support the program this year. Over $28 million is provided in the budget for the construction of the Calgary Centre for Performing Arts.

Planning will proceed for the development of the Reynolds museum, the Ukrainian Cultural Heritage Village, and the Buffalo Jump visitor centre near Fort Macleod.

A provincial archives building in Edmonton will be commenced at an estimated completion cost of over $16 million.

The provincial park system will be expanded by the addition of Buck Lake provincial park near Drayton Valley. Several existing provincial parks will be upgraded at an anticipated total cost of almost $27 million. Planning will begin for a fish hatchery in northern Alberta.

The Alberta Heritage Savings Trust Fund provides the capital necessary to finance Alberta Home Mortgage Corporation and Alberta Housing Corporation commitments to provide homes, apartments, condominiums, duplexes, senior citizen accommodation, and land assembly programs to Albertans. At the end of the 1981-82 fiscal year, within days, these corporations are forecast to have invested or committed approximately $3.8 billion to these programs.

During '82-83, over 19,000 new shelter units, more than one-half the province's total new supply, will be financed by the Heritage Savings Trust Fund. New housing commitments will exceed $1.4 billion in '82-83 alone.

Over $500 million in heritage fund financing will enable construction of about 8,000 single-family homes under the family home purchase plan. Six thousand rental units will be financed by the heritage fund under the successful core housing incentive program and the modest apartment program at a cost of $330 million. The heritage fund will finance approximately 2,700 new senior citizen self-contained and lodge units for our pioneers at a cost exceeding $160 million. This massive government supported construction program will provide jobs and stimulate the economy.

Existing provincial buildings in Medicine Hat, St. Paul, Olds, Wetaskiwin, Stettler, and Brooks will be expanded at an anticipated cost of $98 million. New provincial buildings are planned for Slave Lake, Lethbridge, Drumheller, and Spruce Grove.

The government will construct major new office buildings in Edmonton and in Calgary. The Edmonton accommodation plan calls for the construction of four facilities at a projected cost to completion of over $271 million. The Calgary plan will see a major office complex at a projected cost to completion of almost $95 million. These projects will be cost effective in terms of reducing ongoing lease expenses.

Virtually all the resource revenue transfers to the Alberta Heritage Savings Trust Fund and its income earnings in 1982-83 will be used for direct investment in Alberta. Housing investment has almost doubled in just two years. The Alberta Home Mortgage Corporation will absorb $1 billion. The Alberta Housing Corporation will require $267 million in net new financing from the Heritage Fund.

The Alberta' Municipal Financing Corporation will need $730 million. $275 million will be allocated to the Alberta Agricultural Development Corporation, and the Alberta Opportunity Company will receive more than $42 million. Alberta Government Telephones requires $455 million. Continuing capital projects division investments will take $400 million. These requirements total $3.2 billion in '82-83, essentially all new funds available for investment.

An increasing proportion of the heritage fund has been invested directly in Alberta each year. In the current fiscal year, direct investments in Alberta are forecast to exceed new funds available for investment by $122 million.

With today's large but short-term non-renewable resource revenue, Albertans enjoy by far the lowest provincial tax rates in Canada. Our citizens pay personal income tax of 38.5 per cent of federal basic tax compared to 48 per cent in Ontario, 44 per cent in British Columbia, and 51 per cent in Saskatchewan. There is no retail sales tax in Alberta; rates on retail sales taxes range from 5 per cent to II per cent in the other provinces. Gasoline and diesel fuel for road use are not taxed in Alberta; most provinces levy a tax of 20 per cent or more of the price of the fuel. Property taxes in Alberta are among the lowest in Canada.

Albertans pay directly only one-half of the cost of provincial services they receive, far less than residents of other provinces of Canada. This makes it all too easy to demand more and even better services.

Alberta's conventional oil production has passed its peak and is declining steadily. While price increases will for a time offset the fall in production, revenue increases will not be adequate to meet rising costs. Before very long, revenue from conventional oil production will begin to decline. It is not generally understood that the annual royalty revenue from higher cost oil sands, heavy oil, and enhanced recovery schemes will not even come close to matching current receipts from lower cost light and medium conventional crude oil.

If demands for provincial services continue to rise rapidly, the government will have to increase tax rates sooner than expected. The savings set aside in the heritage fund can provide a partial cushion in the transitional stages, but tax increases will inevitably have to occur. If Alberta received much lower resource revenue, like other provinces, we might then have taxes at about the national average rates. That would be as follows: a provincial personal income tax rate of 46 per cent of federal basic tax, compared to what it now is, 38.5 per cent. That would mean a corporate tax rate of 15 per cent compared to today's 11 per cent rate for large businesses, and a 6.8 per cent rate for small businesses compared to the current 5 per cent. That would mean, if we were at the national average, a 30 cent per gallon tax on gasoline and diesel fuel where we have no tax at all now. That would mean a retail sales tax, if we were at the national average, of over 7 per cent where, again, Albertans pay no tax at all currently.

By today's Alberta standards these provincial average tax rates are high. But they would still not be enough to cover future budgetary deficits if expenditure increases continue to outstrip revenue growth.

Phase one of the Alberta business incentive tax system is complete, and the stage is set for new small business initiatives. Phase two will put in place measures to encourage small business investment, manufacturing, processing, and research in Alberta. More details will be announced in the months ahead.

Nearly 30,000 small Alberta businesses will save more than $6.5 million in 1982 by a new exemption from monthly instalment payments of corporate tax, which becomes effective April 1, 1982. This practical benefit will simplify administration, reduce paperwork, and help small Alberta businesses to cope with the recession, high interest rates, and the fallout from the federal budget. More than $6 million will also be saved in each of the years ahead.

To provide needed housing, stimulate construction activity, and help to counterbalance the adverse effects of continued high interest rates and the federal budget, the Alberta rental investment tax credit will be expanded and enriched. The program will be extended for two years and will include buildings whose footings are put in place prior to December 31, 1983. The incentive is enriched for '82 from 5 per cent of capital costs up to 12.5 per cent of capital costs; the maximum benefit will move up from $3,000 per unit to $8,000 per unit.

This major initiative will help to promote the construction of 4,000 new rental housing units by the private sector through about $15 million in refundable corporate tax credits and about $10 million in grants to individuals.

By its very nature, the energy agreement could not address the special circumstances of all explorers and producers. In October 1981, the Minister of Energy and Natural Resources announced a major enrichment of the Alberta royalty tax credit. Effective September 1, 1981, the tax credit was doubled from 25 per cent of Crown royalties to 50 per cent, and the maximum annual credit was raised from $1 million to $2 million. This significant new support will improve the oil and gas industry's cash flow by $140 million in 1982, and will be especially helpful to smaller firms. During '82, further refinements of the royalty system are planned.

The September 1, 1981, energy agreement provides much greater predictability in future financial planning. It provides a schedule of price increases for old conventional oil and natural gas sold in Canada. Future revenues depend heavily on international oil prices and the United States market, both of which are factors beyond our control.

Due primarily to higher prices contained in the September I, '81, energy agreement, and to a lesser extent to slightly higher production levels, crude oil royalty revenue for '82-83 is estimated at about $3 billion, up over 39 per cent from this fiscal year.

In '82-83, only moderate growth in domestic gas sales is foreseen if weakness in the Canadian economy continues to curb demand. Natural gas export volumes are not expected to exceed significantly minimum contract amounts. However, there will still be a marked rise in export volumes over '81 because of new volumes flowing through the pre build sections of the Alaska gas pipeline.

I estimate natural gas royalties to amount to approximately $2.8 billion in '82-83, an increase of 33.7 per cent over the '81-82 forecast. This significant increase is indicative of the future promise of higher natural gas exports to the United States and of the importance of the energy agreement to the industry in eliminating the natural gas export tax.

Proceeds from the sale of Crown petroleum leases for '82-83 are anticipated to be about $625 million, the same as this year. This reflects the slow recovery in the conventional oil and gas industry, compounded since September 1, '81, by high interest rates, discouraging federal tax policies, and attitudes which have damaged investor confidence in Canada.

The budget estimates of oil and natural gas revenue in 1982-83 are somewhat lower than anticipated at the time of the September 1, 1981, energy agreement. This downward forecast is due to a number of developments since that time:

- a poor economic climate, caused by the steepness of the North American recession, continued high interest rates, and the federal budget of November 1981;

- a softening in world oil prices; and

- lower domestic natural gas sales to central Canada, due to lower than anticipated market growth arising from the current economic downturn.

Nevertheless the oil and gas revenues are substantially higher than they would have been in the absence of an energy agreement and under the federal plan of October 28, 1980. However, it was and is anticipated that the current review of royalty arrangements for oil and gas will cause further adjustments in resource revenue forecasts.

As part of the energy agreement, the Alberta government is responsible for funding and administering the Alberta petroleum incentive program. In '82-83 it is estimated that $460 million will be provided in incentives for oil and gas explorers to help them search in Alberta for new energy supplies.

Net non-renewable resource revenue in '82-83, after the 30 per cent transfer to the heritage fund, is estimated at $4.342 billion, up over 36 per cent over last year. Non-renewable resource revenue actually declined by 4.2 per cent in '81-82, mainly due to the federal government's attempts to impose its energy policy unilaterally. As mentioned, estimates of this year's resource revenues are subject to adjustments after the proposed royalty revisions are put in place during the coming fiscal year.

With no increases in any provincial taxes or in medical care premiums, this budget assists Albertans to cope in a reduced growth year.

Total net provincial taxes are expected to increase by 10.5 per cent in '82-83 to about $2.1 billion. Revenue from personal income tax is projected at about $1.5 billion, an increase of 16 per cent over the revised forecast of last year.

Corporate income tax revenue is anticipated to decline by close to 12 per cent in 1982-83, due to the enrichment to the royalty tax credit, the rental investment tax credit, which I mentioned, and the small business tax instalment waiver.

Payments from the government of Canada may fall by 18 per cent or $157 million this year, due largely to the threatened severe cuts in federal funding for hospital insurance and postsecondary education.

For over a year, the federal government delayed negotiations on the fiscal arrangements, despite repeated urgings by the provinces for meetings. Then, in its November '81 budget, Ottawa proposed major changes to equalization and established programs financing - the funding for health care and higher education - without consultation.

Federal transfers to Alberta in '82-83 for established programs financing are estimated to be $100 million below payments in '81-82. This represents a 30 per cent drop in the real level of federal support for health care and higher education in Alberta.

Largely as a result of the budgetary deficits, interest revenue is forecast to be down by $54 million this year.

Remittances from the Alberta Liquor Control Board are projected to rise by slightly over 15 per cent to $198 million.

Total revenue in 1982-83 is estimated at $7.961 billion, up 17.3 per cent from last year's revised forecast. While this represents a substantial year-over-year increase, it should be noted that '81-82 was an abnormal year. Total budgetary revenue in '81-82 grew by only 3.2 per cent, due to the federal government's ill-conceived energy policy. Budgetary revenue for '82-83 is estimated to be 21 per cent higher than '80-81, translating into only a 10 per cent average annual increase over the past two years. After taking inflation into account, there has been no real growth in budgetary revenue over the past two years.

The most noteworthy feature of Alberta's revenue picture is the huge revenue proportion picked up by non-renewable natural resources, and the comparatively minor revenue raised by provincial taxes. Over the last five years, non-renewable resource revenue has made up an average of 52.7 per cent of budgetary revenue compared to only 24.5 per cent for provincial taxes. In most provinces, taxes make up about half of revenue, and natural resources account for less than 10 per cent of receipts.

In planning ahead, Albertans must realize that more than one-half of Alberta's budget is now paid from depleting natural resource revenue at a time when conventional oil reserves are declining every day.

In 1982-83, total budgetary expenditure will rise by 30 per cent over the comparable 1981-82 estimates to $8.719 billion. Budgetary revenue will rise by 25 per cent over the comparable estimates of last year to $7.961 billion.

I estimate a budgetary deficit of $758 million in '82-83. It will be covered by further drawing down the rapidly shrinking accumulated surplus in the General Revenue Fund.

This deficit marks the second consecutive budgetary deficit of the government of Alberta, excluding the deficits in 1979, '80, and '81, which were due to extraordinary expenditures. The accumulated reserves in the General Revenue Fund will have decreased from $2.7 billion on March 31, 1980, two years ago, to an estimated $1.3 billion at the end of this fiscal year.

With responsibility for the stewardship of the province's finances, this trend is a matter of profound concern. As I indicated in my budget speech last year, the government's budgetary position has shifted dramatically. Revenues are barely keeping pace with inflation and are lagging far behind demands for new and improved services.

Expenditure is growing twice as fast as revenue. Over the past three years, average annual growth in expenditure has been 24 per cent compared to a 12 per cent average increase in revenue.

If and when new measures are developed to stimulate further the Alberta economy in light of external and internal economic factors, this financial plan may be revised accordingly.

In responding to the slower economic growth caused by the North American recession, this budget assists Alberta to pass through the transition period from the boom years of the '70s to the renewed growth of the '80s by:

- Providing unprecedented support for the housing and apartment construction industry, so it can sustain its activity levels, cause positive multiplier effects throughout the province, and offer affordable shelter to thousands of Albertans. The Alberta rental investment tax credit is enriched significantly.

- Proposing a massive one-third increase in government capital construction to $2.1 billion, together with Crown corporation capital financing of almost $3 billion. This initiative will provide extensive work for a multitude of large and small contractors throughout the province, thus assuring steady employment for many citizens.

It responds as a budget by:

- Boosting road, highway, and mass transit construction by 25 per cent to $750 million, including an increase for urban transit financial assistance of almost 38 per cent to $190 million.

- Sustaining a policy of feedstock pricing for petrochemicals which attracts investment and creates jobs.

- Undertaking the first steps to encourage those segments of the conventional oil and gas industry hurt most by the 1980 federal proposals and who will benefit primarily in the latter years of the energy agreement. These steps will also benefit the oil and gas service sector and increase off-farm Income.

- Strengthening agriculture, agribusiness, and the family farm through increased loans availability, marketing aid, and transportation assistance.

- Committing a record high level of support, close to $1.8 billion, to our quality basic and advanced education systems.

- Injecting over $2 billion into all facets of our health, hospital, and nursing home system, the most comprehensive in Canada.

- Helping lumber and sawmill operators to get through the current, cyclical slower growth caused by the reduced demand in the United States.

- Sustaining a climate of stability and consistency which has proven successful in encouraging the Alberta risk-taker, through supportive efforts in taxation, marketing, financing, and transportation.

Finally, this budget assists individual Albertans to cope during this year of slower growth by:

- providing over $220 million in selective interest rate subsidies to small business men, farmers, and low income home-owners;

- holding the line on family budget pressures with no increases in any taxes or medical care payments;

- assisting Alberta farmers to hold down energy input costs through programs which help shelter them from fuel cost increases - assistance unmatched by other provinces;

- doubling, to $86 million, the shielding of property tax payers from the burden of increases caused by their municipalities' financing capital projects at a time of very high borrowing costs;

- enriching a multitude of programs for senior citizens who face today's cost-of-living increases.

Mr. Speaker, while external economic problems will reduce some of the opportunities for improved quality of life for our citizens in 1982, Alberta will still have the strongest economy in Canada. Even though our provincial growth this year will not equal the pace of the last seven boom years, Alberta has unquestionably the deep strengths that will generate confidence, growth, investment, job security, and new jobs in the years of challenge and opportunity that are ahead.