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| Alberta | 27e | 4e | Discours du budget | 24 février 2011 | M. Lloyd Snelgrove | Ministre des Finances et des Entreprises | PC |

**Mr. Snelgrove:** Mr. Speaker, it is my privilege today as the MLA for Vermilion-Lloydminster to present the government of Alberta’s budget for 2011-12, a practical, responsible budget that respects the economic lessons of the past while continuing to build for the future, a budget that combines restraint with the traditional

Alberta values of community and compassion.

Like so many Albertans I learned those values from my parents, Bob and Margaret Snelgrove, who are in the Speaker’s gallery today. They grew up during the Great Depression. They learned the value of a dollar. As so many Alberta families have done throughout the history of our province, they figured out what it takes to prosper through difficult times: live within your means, save something for emergencies, and plan for better days. I’m proud to say that this budget reflects those values.

Over the last 16 years Alberta paid down $23 billion in debt. In the good years we saved nearly $25 billion, with $17 billion of that going into Alberta’s emergency savings account, the sustainability fund. Through the recession that solid foundation allowed the government to plan for better days, to continue our investment in the future of our province. That’s the Alberta way, Mr. Speaker: learn from the past; look to the future. Thanks to a combination of prudent management and foresight, Alberta has weathered the downturn and emerged from it in a stronger fiscal position than any other province.

At the beginning of the recession our Premier announced a plan to see Alberta through the difficult times, a straightforward plan built on four simple principles. We would manage our spending carefully, cutting back where it made sense; we would protect and enhance funding for priority public services like health care, education, and supports for Albertans in need; we would continue investing in roads, hospitals, schools, and other public infrastructure, supporting tens of thousands of jobs, and preparing for a return to economic growth; and we would continue to compete for investment and skilled workers with the lowest taxes in the country.

We were able to carry out this plan because we had savings in the bank to pay for it, savings that would get us through the recession with our fiscal strength intact, our core public services preserved, and our province positioned for growth. Mr. Speaker, growth has returned to Alberta. Led by a strong oil sector, our economy has recovered from a deeper recession than expected and is expanding again, with a forecast growth in the coming year of 3.3 per cent. Investment has rebounded in both oil sands and conventional oil, and increasing oil exports are expected to drive Alberta’s economic growth over the next three years. That growth is forecast to average 3.2 per cent between 2012 and 2014, a strong but sustainable pace that should keep inflation in check and employment growth manageable.

Business investment outside the oil sector, following a weak 2010, is expected to pick up this year as other sectors of our economy strengthen. Alberta’s manufacturing shipments were strong in 2010 and are expected to continue to gain strength as the global economy moves firmly into expansion mode.

The employment picture is also forecast to continue to improve in 2011 with the addition of over 40,000 jobs. Employment growth is expected to continue in the years ahead, averaging just under 2 per cent per year through 2014, driving the unemployment rate down to 4.5 per cent. This strong labour market coupled with solid growth in personal income is expected to boost consumer spending. In short, the overall outlook for our economy is positive, with most indicators looking up.

But there are reasons to be cautious. Natural gas prices are expected to remain weak for the foreseeable future, with natural gas storage levels close to record highs as supply outstrips demand.

As an exporting province Alberta’s economic health is closely tied to that of the U.S., and while economic recovery has taken hold south of the border, it remains fragile. These are not reasons to expect the worst, but they remind us of the need for ongoing vigilance in how we spend taxpayers’ money. Mr. Speaker, Budget 2011 reflects that need for vigilance.

Both operating expense and total program expense are forecast to increase at a rate lower than population growth plus inflation. Because the recession hit Alberta harder than first thought, revenues are not projected to be as high this year and next as forecast a year ago. However, we expect to be back in the black by 2013-14, and we will continue to use our savings account to cover our deficits as we get back to a balanced budget.

With improved overall global economic and energy price prospects the outlook for Alberta revenue is positive. Total revenue is forecast to increase $1.6 billion in 2011-12 to almost $35.6 billion, then grow by an average of $3.2 billion over the next two years, reaching $42 billion in 2013-14. Leading the recovery in revenue this year is a 13 per cent increase in revenue collected from personal and corporate income tax, but to be clear, this is not because tax rates are being increased.

As our Premier has often said, you cannot tax your way out of a recession. This government remains firmly committed to maintaining the lowest provincial tax regime in Canada, with low personal tax, with low corporate tax, the lowest fuel tax, the highest personal and spousal tax exemptions, no capital tax, no payroll tax, and no sales tax.

Mr. Speaker, with any other provincial tax system Albertans and Alberta businesses would pay at least $11 billion more in taxes each year. This is not a burden we are prepared to place on our province. Our approach, as always, is to keep taxes low and grow the economic pie. So the factors driving the forecast increase in tax revenue – more jobs, higher wages, and stronger corporate profits – are all signs of a growing economy.

Growth in the resource sector, particularly in the oil sands, is also expected to drive revenues. Resource revenue is forecast to increase by $300 million to $8.3 billion in 2011-12, rising to nearly $12 billion in 2013-14. This is due mainly to increasing revenue from bitumen royalties, which are forecast to climb to $4.1 billion this year, more than the combined totals of royalties from natural gas and conventional oil. By 2013-14 bitumen royalties will grow to over $7 billion due to increased production. Revenue from conventional oil royalties is forecast to be relatively flat while revenue from natural gas is expected to drop 38 per cent compared to last year and remain low for the next two years.

Most other government revenue is forecast to continue to recover and grow over the next three years. One notable exception is federal transfers, which are forecast to fall by nearly $500 million, or nearly 10 per cent. This is mainly the result of the winding down of federal stimulus programs introduced during the recession. So it’s not a surprise, but it is a reminder of our grievance with the federal government over the unfairness of the Canada health transfer to Alberta.

All other provinces will receive at least $805 per person in Canada health transfer cash this year while Alberta will receive $558. Even as Albertans contribute far more per person to Ottawa than the citizens of any other province, they are still being shortchanged by over $900 million this year alone. Mr. Speaker, it creates two-tier federal support for public health care. This is clearly unfair, and your government will continue to insist, in the strongest terms, that Albertans be treated equally.

As our revenue picture brightens, we must continue to be prudent managers of Albertans’ dollars. Our emergency savings are shrinking, and we must begin to rebuild them. That means keeping our spending in check, Mr. Speaker, and this budget does that. Total operating expense is forecast to be $33.9 billion, an increase of $720 million, targeted at priority areas. At 2.2 per cent that increase is less than population growth plus inflation of 3.5 per cent, a trend forecast for the following two years as well. Total expense, including capital grants and other expense, is forecast to be $39 billion, an increase of just one-half of 1 per cent.

However, this is far from being a status quo budget. It continues a strong investment in Alberta’s future. Our spending plan for the upcoming year continues to focus on five priorities: increase access to quality health care and improve the efficiencies and effectiveness of health care service delivery; enhance value-added activity, increase innovation, and build a skilled workforce to improve the long-run sustainability of Alberta’s economy; promote strong and vibrant communities and reduce crime so that

Albertans are safe in their homes; provide the roads, schools, hospitals, and other public infrastructure to meet the needs of a growing economy and population; and ensure Alberta’s energy resources are developed in an environmentally sustainable way.

Funding for health care is forecast at $14.9 billion. This includes a 6 per cent increase in the base operating grant to Alberta Health Services, in line with the five-year funding commitment made last year that will see a further increase of 6 per cent next year and 4.5 per cent in each of the two years after that. This will increase the base grant to Alberta Health Services this year by $545 million, to $9.6 billion. Short-term results from this substantial investment in health care, expected to be achieved by March 2012, include 360 new hospital beds, 3,000 more surgeries, 2,300 more continuing care spaces, and 3,000 more Albertans receiving home-care service. We are putting new dollars into front-line actions. Albertans told us to put people first, and we are.

Funding for K to 12 education is also again being increased, and significant support to the postsecondary education system will be provided. Initiatives to build a skilled workforce for the future will continue. School boards will receive $5.7 billion in operating grants and property tax support this year, an increase of over $250 million, or 4.7 per cent. The funding will cover the salary and associated pension costs of a forecast 4.4 per cent increase in teachers’ wages effective September 1. It also provides for general enrolment growth and increases in supports for students with severe disabilities, English as a second language, and student transportation services.

Advanced Education and Technology program expense is budgeted at $3 billion, which includes $2.8 billion in operating support. This includes a $62 million increase in operating grants to universities, colleges, and technical institutes. More than $250 million is budgeted for research, innovation, and technology commercialization initiatives, including $202 million in operating support for the four agencies under Alberta Innovates. The Alberta Heritage Foundation for Medical Research and the Alberta heritage science and engineering research endowment fund will continue to support increased grants to maintain health research at Alberta universities and to support long-range initiatives such as nanotechnology research.

Almost $170 million in disaster support was provided to the agriculture industry in the past year as poor early-season weather and other conditions impacted that sector. Although commodity prices for wheat, canola, and beef are encouraging, ongoing agriculture support programs are being maintained, with nearly $1 billion budgeted in Agriculture and Rural Development. With over $41 million budgeted this year, the Alberta Livestock and Meat Agency will continue to implement programs to help build an internationally respected, competitive, and profitable livestock and meat industry.

The safe communities innovation fund in the Ministry of Justice will continue to support crime prevention pilot projects and the development of municipal, regional, or aboriginal community crime reduction and prevention plans. Since 2008 300 new frontline police officers have been added, just exactly what this Premier said, and in the coming year 30 new probation officers are being added to target repeat or high-risk offenders.

Our commitment to Albertans most in need will continue. Nearly $783 million is budgeted for income and health benefits and other supports to more than 42,000 disabled adults, an increase of 3.5 per cent. This funding provides for caseload growth and maintains the maximum monthly income benefit for AISH recipients of $1,188 and the average monthly health benefit of about $370. Since 2005, Mr. Speaker, funding to the AISH program has increased by over $290 million, or 60 per cent.

The Premier’s 10-year plan to end homelessness in Alberta will continue. Nearly $93 million in operating support is budgeted, an increase of $7 million. This will provide about 3,500 spaces in emergency shelters as well as outreach support services to assist homeless Albertans. Since 2009 about 3,000 Albertans who were homeless have been placed in permanent housing.

Budget 2011 also provides a $16 million increase to seniors’ programs, including the Alberta seniors’ benefit, dental assistance, and special needs, and a $39 million operating increase to children’s services programs, including intervention services, foster care support, child care, and family support for children with disabilities.

Mr. Speaker, if you believe in the future, you build for the future, and this budget continues to do that. Nearly $2.6 billion is budgeted over the next three years for expansion, renewal, and maintenance of health facilities and equipment, including the redevelopment and expansion of the Tom Baker cancer centre and the completion of the south Calgary health campus; construction of the northern Alberta urology centre, including a men’s prostate clinic, as part of the new Edmonton clinic south; significant progress towards a new regional hospital in Grande Prairie, including a cancer centre, and redevelopment of the Medicine Hat regional hospital; new health centres in Fort McMurray, High Prairie, and Edson, and a new Central Alberta Cancer Centre in Red Deer.

More than $700 million in capital support is being provided for Alberta schools over the next three years to create more than 15,000 new student spaces, including the construction of 14 new schools in Calgary, Edmonton, Okotoks, Sherwood Park, Spruce Grove, and Langdon under the second phase of the Alberta schools alternative procurement plan and the replacement of three other schools in Sexsmith, Drumheller, and Millet. Mr. Speaker, the Ministry of Education is working together with school boards on innovative ways to accelerate the school capital plan to meet the needs of our ever-growing student population.

Alberta’s postsecondary universities and colleges will see continued investment as well, including the completion of the SAIT trades and technology complex, the agricultural research facilities at Kinsella and St. Albert, the University of Alberta’s Edmonton clinic north, and the Bow Valley College expansion project.

The capital plan also includes more than $5 billion over three years in municipal infrastructure support for our growing communities through the municipal sustainability initiative and other programs. It also includes $4.6 billion over three years for the provincial highway network, nearly $1.7 billion this year alone, one of the largest investments in our transportation infrastructure in the province’s history. This investment will fund construction and rehabilitation work on highways throughout the province, with continued construction of the ring roads in Calgary and Edmonton and continued work on highway 63.

The capital plan also includes necessary investment in water and waste-water management. Over $750 million will be provided over three years for monitoring and other regional projects supporting the water for life strategy, for municipal water and wastewater partnership grants, for irrigation rehabilitation grants, and for other projects.

Mr. Speaker, as a globally important energy producer Alberta must continue to focus on being a national and international leader in greening its energy production. This budget continues to support the groundbreaking climate change and emissions management fund. To date the fund has announced commitments to support 16 clean technology projects, with more support expected shortly for energy efficiency and renewable energy projects.

This budget also provides $70 million in 2011-12 for carbon capture and storage projects, part of the government’s $2 billion commitment to use this technology to help address climate change. In addition, nearly $17 million will be provided in 2011- 12 for enhanced environmental monitoring, science, and reporting, an increase of 21 per cent. The recently appointed environmental monitoring panel will provide recommendations to government by June 2011 on the development of a world-class monitoring, evaluation, and reporting system for Alberta’s oil sands.

Mr. Speaker, this is a budget that positions our province for continued growth and prosperity. It enhances Alberta’s competitiveness in the global marketplace. It continues to support jobs and create opportunity. It enhances the public services and programs that Albertans value most, like health care, education, and supports for those in need.

Yes, this budget projects a deficit this year and a smaller one next year, but let’s be very clear. These deficits are the result of our commitment to build the hospitals, schools, highways, and other public infrastructure we need as our province continues to grow. We have money set aside to pay for that continuing investment in the future. At the same time we will continue to pursue savings within government, building on our proven record of finding in-year savings in our program expense.

Mr. Speaker, at the heart of this budget is a rock-solid belief in Alberta’s future as an economic leader, in the potential of our province and the potential of its people. When the recession hit, we were faced with a stark choice. Do we stop investing in the future, do we abandon our priorities, or do we manage through difficult times and make sure we position our province for economic leadership? As a government with this Premier’s leadership we made the right decision to keep building Alberta.

Through the worst economic downturn in 80 years we chose to continue investing in Alberta’s future, to stay true to the values this province was built on. Why? Because sound fiscal management has given us the resources to do it and because it’s our responsibility to ensure this province emerges from this recession in great shape and prepared for the future.

Mr. Speaker, as I look at my parents today, I can’t help but recognize that we Albertans have been given an opportunity and a quality of life available to very few in this world. It didn’t happen by accident. It was the hard work of generations of Albertans that has made this province what it is today and the foresight of successive governments in creating the framework of fiscal strength and flexibility that allows us to continue building for tomorrow even during difficult times.

Mr. Speaker, this budget remains true to the pioneering spirit and values that made this province what it is today. It shows confidence in our people and in our future. It sets us on a path to join together with all Albertans to build a better Alberta. I want to thank you, ladies and gentlemen.

I want to thank you, members of the Assembly. I want to thank you, Mr. Premier.

Thank you, Mr. Speaker.