



**Budget Speech
Honourable Shirley McClellan
April 13, 2005**

Check Against Delivery

2005-06 Budget speech

Introduction

Mr. Speaker, it is my honour and privilege to present to you, and to all Albertans, the first budget for our province's second century.

2005 is a special year for Alberta. It's a time to celebrate 100 years as a strong and vibrant member of the Canadian family. It's a time to look back at the contributions of literally thousands of Albertans who have built this province – a province all of us are so proud to call home. And it's a time to look ahead – to build on the legacy of our first one hundred years, and invest in an even better future for our province.

As we enter this, our province's second century, who can doubt the tremendous progress Alberta has made in its first one hundred years? In our Premier's words, we've gone from a remote, sparsely populated, untamed long shot to one of the most prosperous, highly educated, and lowest taxed places in all of North America. All that in just a hundred years.

The best news for Albertans is that we enter our second century full of hope and opportunity, with the best fiscal position in the country, an economy that's leading the country, and a clean slate for the future. No debt. Just an unparalleled opportunity to build on all the strengths Alberta has to offer. And I'd put a highly educated and talented workforce, an abundance of natural resources, some of the best minds in business, and that well-known can-do attitude of Albertans right at the top of the list of our strengths.

Mr. Speaker, Alberta and Albertans enter our second century with nothing to stand in our way. And the single, over-riding purpose of this year's budget is to invest in Alberta's second century – a century that promises even more opportunity for future generations of Albertans.

Setting the context

For people listening today and waiting to hear about the priorities in this year's budget, the messages are very clear.

This is an investment budget – an investment in Alberta's next century. It takes its lead from the results of the "It's Your Future" survey where an unprecedented number of Albertans told us what the priorities should be. And it follows through on commitments outlined in this year's Speech from the Throne and our government's 20 year strategic plan.

Budget 2005 opens up new opportunities in advanced education. It reinforces our commitment to the best possible education for Alberta's children. And it supports

our ongoing efforts, and the efforts of health boards across the province, to continuously improve Albertans' access to quality health care services. These are the priorities of Albertans. And once again, our government is taking its lead from Albertans.

This budget substantially increases our investment in infrastructure to respond to and support a growing and thriving economy. And it increases our investment in a wide range of areas from improving safety in our communities to helping children, expanding benefits for seniors, and supporting Albertans who need our help.

Mr. Speaker, our province is blessed with an abundance of resource revenues and that has given us exceptional opportunities. But make no mistake. Increases in spending must be affordable. In this year's budget, we've been able to make significant investments because debt has been eliminated, our economy is strong, and because the medium-term outlook for energy prices is positive.

At the same time, our spending must continue to be based on what is affordable over the longer term. So as we look ahead, the increases planned for future years will continue to be tied to the growth in our economy and we'll avoid the temptation to let temporary spikes in oil and gas prices drive our spending decisions.

It's the responsible course to take. And yes, it means there will be years when resource revenues are higher than expected. That is the nature of oil and gas revenue. When that happens, there are choices we can make about how surplus funds can be used, strategically and deliberately, to invest in Alberta's future. We could increase the Sustainability Fund, add to our current endowment funds, or increase funding for capital to meet emerging needs for infrastructure. All of those choices are possible because of our strong financial position. And they will be made throughout the year as our financial forecasts are updated.

Mr. Speaker, 2005 is a year when we invest strategically in areas that build Alberta's future. It's also a year when we will challenge universities and colleges, schools and school boards, health boards and health providers, and all those who are entrusted with government funding to build on the legacy we've created. To invest the funding wisely. To embrace innovation. And to seek the best and most effective ways of delivering services.

Investing in strategic priorities

Mr. Speaker, with Budget 2005, we'll aggressively move forward in three priority areas:

- Firmly establishing Alberta as a national and international leader in learning
- Making sure Alberta continues to be the best place to live, work, and visit
- And promoting innovation and positioning Alberta to compete – and succeed – in a global marketplace.

This afternoon, I want to highlight just some of the areas where Budget 2005 will make a real and lasting difference to Albertans and to the future of their province.

Learning

Mr. Speaker, there is no better investment we can make in Alberta's future than to invest in our children and youth – and to make sure they get the very best education we can provide. An education that lets them pursue their dreams. And fulfill those dreams right here in Alberta.

Strengthening advanced education is our government's top priority in this, our centennial year. And for good reason. For our young people to compete and succeed – for them to have every opportunity to build this province and build their futures – we need an advanced education system that rates with the best in the world. And for Alberta's businesses and industries to compete and succeed, they need the best and the brightest, the most talented and highly skilled workforce we can provide.

With Budget 2005, overall program spending on advanced education will increase by 13.4% to almost \$1.7 billion.

The majority of that money will go directly to universities, colleges, technical institutions and apprenticeship programs. It will open up thousands of new spaces and new opportunities for young Albertans. In the years to come, we'll make sure no qualified young Albertan gets turned away because there's no space in the system. Over the next three years, 15,000 new spaces will be added in our advanced education system and that number will grow to 60,000 by 2020. With those new spaces, stories about young people coming out of high school with high averages and no place to go will come to an end. There will be a place for everyone who aspires to advanced education – that's our promise and our commitment to every young Albertan.

To help fulfill that commitment, our government introduced the new *Access to the Future Act*. With Budget 2005, we'll make an initial allocation of \$250 million in what will become a \$3 billion legacy to support innovation and access to Alberta's advanced education system.

Mr. Speaker, our second promise to young Albertans is that money won't stand in their way.

In our Premier's February televised address, he announced a new centennial gift to Alberta's post-secondary students. If universities, colleges and technical institutions must increase tuition fees in 2005, they won't send the bill to students. They'll send it to us. With Budget 2005, that promise will be fulfilled with a \$43 million, one-time payment on behalf of all Alberta's post-secondary students.

On top of that commitment, our government will invest an additional \$7.5 million in scholarships, grants and bursaries, providing direct assistance to 30,000 students. And as promised in the Throne Speech, a new Lois Hole Humanities and Social Sciences Scholarship will be introduced to pay tribute to a truly great Albertan, a special woman who believed in our youth and our province, who was passionate about education, and whose legacy will last for generations to come.

Mr. Speaker, our government's investment in education certainly doesn't leave out Alberta's young children – the ones just starting out in kindergarten, and the ones getting ready to finish high school and plan their futures.

With Budget 2005, total program support for basic education will increase by just over 7% to a total of \$4.3 billion. Support to school boards across the province will increase this year by 5.4%. And the best news for parents and students is that one thousand and fifteen new teachers can be hired over the next two years thanks to Budget 2005. And that means schools will be able to meet the class size guidelines recommended by the Learning Commission by the 2006-07 school year.

Making Alberta the best place to live, work and visit

Mr. Speaker, investing in education is the top priority for Budget 2005 and it's the best investment we can make in the next Alberta.

But investing in the next Alberta also means we need to make sure Alberta continues to be the best place in Canada, if not North America, to live, work and visit.

With Budget 2005, our government will invest in improving access and quality in Alberta's health care system. We'll lighten the load for Alberta's seniors, increase support for people with disabilities, and expand programs for children. And we'll take important steps to improve the safety of communities all across the province.

Spending on health care will increase to over \$9.5 billion. That means 37% of Alberta's budget now goes to support the rising costs of health care services for Albertans.

Health regions across the province will see an overall increase of 11.3% in base operating grants to allow them to bring quality health services to Albertans when and where they need them. A new Mental Health Innovation Fund will be established. Targeted funds will be provided to increase nursing care in long term care facilities. And support to the Alberta Cancer Board will increase by 25%.

With Budget 2005, our government will also invest in information systems to help improve efficiency and quality in health care. And we'll move ahead with investments in new facilities such as the Alberta Heart Institute in Edmonton, the

Children's Hospital in Calgary, the new Health Sciences Ambulatory Learning Centre in Edmonton, and a new hospital in the south part of Calgary.

In May, our government will host an international symposium, bringing leading experts from around the world to Alberta. As the Premier has said, our goal is to make innovation a hallmark of Alberta's health system. We'll take the best ideas from here in Alberta, across Canada, and around the world and use those ideas to continually reshape and improve our health system and make sure Albertans get the services they need, when they need them, and at a price taxpayers can afford.

Mr. Speaker, Budget 2005 also substantially increases our commitment to Albertans who need our support. This year, funding for social service programs will increase by 8.3% to a total of \$2.7 billion. This government cares about Albertans, and Albertans can count on us for support when they need it.

With Budget 2005, nearly \$250 million will be invested in the Alberta Seniors Benefit to provide much-needed support for thousands of low income seniors. Seniors with lower incomes will also be eligible for coverage for basic dental services and prescription glasses. \$10 million will be spent to protect seniors from increases in school property taxes. And steps will be taken to add affordable supportive living units in rural communities and increase support for lodges.

Support for Alberta's AISH program will increase by 20% or \$80 million in 2005-06. The Minister of Seniors and Community Supports will be announcing details on increases in monthly support and other program enhancements in the days to come.

In Children's Services, additional funds will be used to improve services for children with disabilities, to improve community-based protection and prevention services, and to follow through on the comprehensive strategy for addressing family violence and bullying developed last year. Mr. Speaker, family violence has no place in Alberta. Last year's Roundtable process captured the ideas and passion of literally thousands of Albertans. And with the support of Budget 2005, we'll transform those ideas into action, starting now.

We'll also take steps this year to address growing concerns about safety in communities all across this province.

The deaths of four young RCMP officers in Mayerthorpe was a devastating blow not only to their families and friends, but also to the communities involved, and to our entire province. It drove home the reality that Alberta is not immune from horrendous acts of violence. And it reminded us that crime doesn't happen just in our big cities. Every community in every part of the province is vulnerable.

Mr. Speaker, with Budget 2005 we will take direct steps to support police efforts to tackle crime and ensure the safety of our communities. Nearly 200 police officers will be added in 2005-06. Funding for provincial policing programs will

increase by 16% this year to \$153 million. This will provide over 100 additional RCMP officers under the provincial policing agreement, and another 60 new police officers whose single purpose will be to fight organized crime in Alberta. Funding will also be provided to expand the Solicitor General's courtroom security and prisoner transfer programs, freeing up another 30 RCMP officers for front-line policing duties. In addition to all of this, we will increase municipal policing grants by 16%.

Mr. Speaker, the next Alberta will be a safe Alberta. A place where people feel safe in their homes and communities. A place where people get the help and support they need. A place people are proud to call home.

Innovation and competing in the global marketplace

The next Alberta starts with the tremendous foundation Albertans have built in our first hundred years. We'll work together to foster innovation, to maintain and strengthen all the advantages Alberta holds today, and to make sure our economy continues to thrive and continues to offer more and more opportunities for Albertans to succeed here and around the world.

In the Premier's televised address earlier this year, we heard people say, "What isn't the Alberta advantage? Why wouldn't you want to live in Alberta? Everything I need is in this province."

They're right. And with Budget 2005, we'll take steps to make sure it stays that way, starting with the lowest overall taxes in Canada, bar none.

This year, Albertans will benefit from targeted steps to strengthen that tax advantage even more. Albertans have always been generous people, willing to support those who need it the most. Steps are being taken to reduce the tax burden on seniors, exempting them from health care premiums and protecting senior homeowners from increases in school property taxes. Mr. Speaker, Alberta's seniors have made a tremendous contribution to Alberta's first century, and we won't forget it as we begin our second century.

We won't forget that young families sometimes struggle to make ends meet, especially those with low and middle incomes. Effective July 1, 2005, we'll expand the Alberta Family Employment Tax Credit. And that means direct benefits to low and middle income families in the order of \$25 million.

With Budget 2005, we'll also reduce the hotel room tax from 5% to 4% and convert that to a levy to support tourism marketing and development across the province. School property tax mill rates will be reduced by about 5%. And the personal income tax system will continue to be indexed to inflation, saving Albertans a total of about \$35 million this year.

This year's package of tax initiatives provides tax relief to those who need it the most. And it strengthens a tax advantage that makes Alberta a magnet for businesses and individuals all across the country.

Mr. Speaker, perhaps one of the biggest announcements in Budget 2005 is our strong commitment to investing in Alberta's infrastructure.

With Budget 2005, Alberta's investment in capital infrastructure will increase to \$9.2 billion over the next three years. That level of support is unmatched anywhere in Canada. It's more than double the average percentage of capital spending in other provinces. And it continues the significant investment in infrastructure our government has made in the past five years.

Mr. Speaker, we're proud of our investment in Alberta's infrastructure, and that investment is possible because of the steps we took to clear the books, get rid of debt, and free up dollars to invest in Alberta's future instead of the past.

First priority for capital funds will go to municipal infrastructure programs. In 2005-06, provincial support for municipal infrastructure will increase by more than two and a half times. Mr. Speaker, our government understands that the pressures of a growing and thriving province are felt in our big cities and in smaller communities across the province. We understand. And with Budget 2005, we're taking action.

In addition to municipal infrastructure projects, capital funds will continue to be invested in hospitals and health centres, schools and post-secondary facilities, and in the provincial highway network.

Mr. Speaker, investing in Alberta's next century means investing in innovation, research, and new ideas. We're blessed with an abundance of natural resources. But more and more, Alberta's future will depend on making the best use of those resources, adding value here in Alberta, seizing new opportunities to build a strong and diverse economy, and preserving our environment. Over the next three years, over \$300 million will be provided for water management, including *Water for Life* initiatives, municipal water treatment, irrigation rehabilitation and reservoir improvements.

With Budget 2005, we'll turn innovation into action. We'll step up our investment in research endowment funds and forge Alberta's strong reputation as a leader in health, medical, and engineering research. We'll provide up to \$200 million in royalty relief as part of the Alberta Energy Innovation Strategy to enhance oil and gas recovery. We'll support energy and climate change research with a priority on oil sands upgrading, clean coal technology, water management research, enhanced recovery of conventional oil and gas, exploring alternative energy sources, and reducing greenhouse gas emissions.

As the MLA for Drumheller-Stettler, I'd be remiss if my first budget speech didn't address my first love – and that's rural Alberta and the future of Alberta's agriculture industry.

It's been a tough time for Alberta's farmers and ranchers. And those tough times are being felt in rural communities all across the province.

All of us hoped the US border would have been opened by now. We hoped the worst would be over. That wasn't to be.

In spite of that blow, we're not giving up now. And nor are Alberta's ranchers and farmers. I read one farmer describe it this way: "A farmer has to be a particular kind of person to take on God, the weather, the international market, and a whole bunch of other stuff and say, 'I'm gonna survive.'"

That will to survive has certainly been put to the test. But Alberta's farmers and ranchers aren't quitters. And neither are we. We'll keep on fighting for a better deal, for better markets, and for a better return for their investment and hard work.

With Budget 2005, we'll continue to invest in developing new export markets. We'll step up our work in prion research to get to the cause of BSE. We'll continue our monitoring and surveillance programs and assure the world that Alberta beef is safe, and it's the best beef in the world.

Mr. Speaker, we'll work with Alberta's farmers and ranchers to explore new ideas and new opportunities. We'll move ahead with the new Rural Development Strategy. A new Alberta School of Veterinary Medicine is expected to begin accepting students in September 2006. And together, we'll strengthen rural Alberta and make sure the rural way of life continues to thrive in the next Alberta.

As I said at the outset, Mr. Speaker, 2005 is a special year for Alberta. It's our centennial and it's the year we turn the page on our first century and invest in the foundation for the next Alberta.

A special year like 2005 deserves special recognition. And this year, Albertans will see celebrations, events, and projects all across the province. In just over a month, Her Majesty Queen Elizabeth will visit Alberta and join us in what promises to be a very special celebration of our Centennial. In September, we'll officially celebrate one hundred years in the Canadian confederation. In the fall, we'll get to see the brand new look of the renovated Jubilee Auditoria in Edmonton and Calgary. And across the province, over \$300 million is being invested in the construction and upgrading of community, historic and cultural facilities. Alberta's centennial will also be marked by a substantial investment in upgrading and maintaining our provincial parks.

Closing

Mr. Speaker, let me close today by thanking our Premier, my colleagues and all Albertans for the honour of presenting Alberta's first budget in this, our second century.

When our Premier came to office, he made a pledge to Albertans. He said that if Albertans helped us get rid of the deficit and debt, they would reap the rewards for their hard work. Today, this Premier delivers on his pledge, just like he always has.

Budget 2005 is an investment in Alberta's future. And it's only possible because the hard work, sacrifice and determination of Albertans put us in the strong position we enjoy today. Budget 2005 reflects Albertans' priorities. And it positions us for even greater success in the years to come.

As I look ahead to the future, there is no doubt that this is a great time for our province. If we could talk to Alberta's earliest pioneers – the people who came to our province at the turn of the 1900s searching for a better life and a better future – I'm sure they'd be amazed at what our province has become. The most prosperous place in Canada. A thriving hub of action, ideas and opportunity. A driving force in the Canadian confederation. And the best place in the world to live, work, raise our families, and build our futures.

It is a great time to be an Albertan. And we've only just begun.

As someone said, the toughest thing about success is that you've got to keep on being a success.

In typical "can do" Alberta style, our first hundred years have been marked by determination, hard work, and a strong belief that anything is possible in Alberta. We've stared down adversity and taken on the toughest challenges. We've stuck to our principles and values. And together, Albertans have built a province that's an outstanding success.

There's no stopping now. We have to keep on being a success. We have one more promise to keep – a promise to Alberta's children ... a promise to make sure Alberta's next 100 years are even better than our first.

With the hard work and support of Albertans, I have no doubt that promise will be kept.

Thank you Mr. Speaker.