




Budget Address

Getting Alberta back to work

Delivered by: Honourable Travis Toews | President of Treasury Board,
Minister of Finance | Legislative Assembly of Alberta



Mr. Speaker, it is a great honour to rise today in this house and table this government's budget for 2020.

This budget continues the responsible four-year fiscal plan that started with Budget 2019, a plan to get Albertans working, to make life better, and the pledge to boldly stand up for Alberta.

Albertans overwhelmingly endorsed our commitment to eliminate the largest deficit in our province's history and bring government's finances back into balance.

I am pleased to share that we are on track to eliminate the deficit. In fact, our deficit is \$1.2 billion lower than we projected in Budget 2019. This means that Alberta taxpayers will pay \$35 million less in debt servicing costs.

Getting to a balanced budget will provide a solid fiscal foundation from which Albertans can confidently face the future and seize its opportunities.


A balanced budget means that millions – and then billions – of dollars in interest payments to bankers and bondholders can be diverted to the services Albertans need.

In short, my goal as finance minister – my motivation – is to lay a strong fiscal foundation for economic prosperity for this generation and those to come.

To eliminate the deficit by 2022, this budget continues with the plan to reduce government operational spending by less than 3 per cent. More importantly, it includes modernizing the way services are delivered, ensuring that Albertans are getting full value for their tax dollars.

It includes re-profiling expenditures to ensure that we are providing for the most vulnerable.

And it will ensure the sustainability of public services into the future.



Since 2014, many Albertans have been out of work. Today's unemployment rate is over seven per cent and there has not been a business, a community, or a family that has been untouched by this crisis.

From the very start, even before we were elected, we made jobs our number one priority, and not by growing government. Albertans know that government does not create wealth or prosperity.

Government policies can either support growth or impede it, but they cannot create it. A robust economy and real wealth creation is built on the effort, investment, and ambition of citizens and businesses.


Government's role is to provide a business environment that is nimble, predictable, and one where there's a high correlation between effort, risk, and reward.

Alberta's history is full of remarkable stories of innovators and mavericks, risk-takers, and determined, hard working people from all walks of life drawn to the boundless opportunities our province offers.

The freedom to pursue dreams and the common sense work ethic of the people is how Alberta became the magnet for entrepreneurs and investment, and earned the reputation as the wealth and job creation engine of the nation.

I am pleased to present in this budget A Blueprint for Jobs. This blueprint will support our key sectors of energy, agriculture, and forestry where we're naturally strong, and leverage our advantages to support sustainable economic diversification, innovation, and business attraction in technology, aviation, and the financial and tourism sectors.

Our government will move quickly to evolve the blueprint as goals are met and as new opportunities emerge. This plan will form the basis of a relentless, cross-government focus to support economic growth and job creation.



In Budget 2020, we're continuing to take a broad-based approach to taxation where government doesn't pick winners and losers, but instead creates a competitive business environment where capital flows freely without government prejudice or bias.

To that end, we are cutting business taxes and red tape, balancing labour laws, freeing up interprovincial trade and refocusing Alberta's international offices on investment attraction.

Alberta now has a 10 per cent corporate tax rate, down from 12 per cent when we took office. That's the lowest in the country, and when we reach eight per cent in 2022, it will be one of the lowest in North America.

CNRL cited the job creation tax cut and the curtailment exemption for new drills from the conventional basin as reasons for its planned drilling activity increase in 2020.

Alberta's credit unions support our decision to lower corporate taxes as these reductions allow them to increase investment in their local communities and lend more to Albertans seeking to build the province.

Economists have consistently shown that tax reductions combined with regulatory certainty lead to economic growth and job creation. Budget 2020 continues with this approach and we expect more positive investment announcements to come.

We've brought back common sense labour laws that provide balance to both employers and workers, but we're not done yet.

We will use public input from the online engagement last fall to revisit how Alberta's labour laws should address vacation time, holiday pay, youth employment rules, and where and how employment standards should apply.

Expanding our economy starts with expanding trade, and that starts right here in Canada.

Alberta is leading by example in opening provincial borders to trade, and so far, we've removed more than 80 per cent of our exceptions under the Canadian Free Trade Agreement.

We continue to call on all other provinces and territories to make Canada a true economic union and show the world that Canada is open for business and investment.

Like provincial borders, red tape is also a barrier to economic growth, one that we are tackling head-on with real economic benefits.

We are clearing the backlog of grazing leases waiting for approval by extending 20-year leases for ranchers who go above and beyond environmental standards.

We passed the *Farm Safety and Freedom Act*, which cuts red tape and provides common sense exemptions from the labour code while ensuring basic safety standards on all farms.

We have reduced delays for forest-management agreements that support forestry jobs and ensure the best environmental and resource-management outcomes.

And our work is being recognized. In January of this year, nine months after taking office, the Canadian Federation of Independent Business gave Alberta a B- up from an F on red tape reduction.

While we have a good start, a B- is not good enough. Much work remains. Budget 2020 continues the commitment to cut red tape by one-third.

Budget 2020 allocates \$75 million over three years to focus the work of Alberta's international offices on investment attraction, cross-sector coordination, and focused marketing. We need the world to know the many business opportunities that exist in Alberta and that our actions back our claims: that we're open for business.

Indigenous communities have tremendous potential as they take their rightful role in the economy.

Budget 2020 provides up to \$1 billion to the new Alberta Indigenous Opportunities Corporation to backstop Indigenous equity investment and ownership of major energy infrastructure projects.

Mr. Speaker, Alberta has a world-class energy resource and an industry that reflects the value of the asset. We are global leaders in energy exploration, production, transportation, and environmental technology. Our energy industry has been the primary driver in our economy, and the economy of the nation.

Getting energy to market is key to our prosperity. While we're pleased that work is underway on the Trans Mountain Pipeline, we are pressing the federal government to get firm guarantees on the completion date, and assurance that the rule of law will be swiftly enforced in the event of illegal protests.

And TransMountain is not the only pipeline at play. With plans to optimize existing pipelines, the anticipated completion of Enbridge's line 3, and TC Energy's planned resumption of Keystone XL, additional export capacity is inching forward.

And speaking about pipelines, I want to be clear. This government will do everything in its power to ensure pipelines necessary for economic growth and job creation are built as quickly as possible.

Until then, we will be looking for increased crude shipments by rail. We have off-loaded to the private sector all of the crude by rail capacity the previous government irresponsibly committed Albertans to, and we're expecting rail shipments to exceed 500,000 barrels per day in the near term.

Since forming government, we have fought hard for the natural gas sector, working with industry to improve coordination in shipping and maintenance protocols, which has led to increased prices and price stability.

There remains great growth potential for energy. The world will need fossil fuel energy for decades to come, and Alberta, with its energy sector committed to environmental and social excellence, is the rational place to produce it.

To that end, we will highlight to the world Alberta's best-in-class environmental, social, and governance credentials through initiatives, including those of the Canadian Energy Centre, to maintain confidence of investors and ensure jobs in Alberta are defended.

We are seeking federal approval of flow-through shares or other tax instruments to further increase job creating investment in environmental activities. This would create jobs by increasing reclamation of abandoned oil and gas wells.

But we are not sitting on our hands while we wait for a federal response. Our government will increase our loan to the Orphan Well Association. This investment is expected to create hundreds of jobs in regions where they're badly needed, and result in a significant increase in the reclamation of abandoned sites.

Mr. Speaker, while this government is a staunch supporter of our energy industry and believes it has great potential for additional growth, we are also on track for continued economic diversification.

Diversification starts in the energy industry itself. Budget 2020 continues government's \$1.1 billion commitment to the Petrochemical Diversification Program that turns ethane, methane, and propane into plastics, fabrics, and fertilizers.

Continuing the program encourages a sector that has a great future in Alberta, with low-cost feedstocks, a talented work force, and essential infrastructure.

And Alberta energy is more than oil and gas. Renewable energy is a growth opportunity and industry is responding.

Two companies, Calgary-based BHE Canada and Suncor Energy, are investing half a billion dollars in wind and solar power projects.

In fact, after we returned Alberta to an energy-only market, private companies have announced more than \$2.7 billion in various electrical generation projects.

Further to the environment, our government will work with industry to continue reducing the environmental impact of our energy production.

Our Technology Innovation and Emissions Reduction program – or TIER – puts the cost of reducing emissions where it belongs, on large industrial emitters, instead of on the shoulders of families and seniors. More than that, the TIER program will support new GHG reduction technologies that have real potential to cut global emissions.

Agriculture in this province has been an integral part of its history and heritage.

George Lane, one of Alberta's most distinguished and innovative cattlemen at the turn of the 20th century and a founding member of the Calgary Stampede, had an unshakeable confidence in the future of western Canada and a vision of Alberta as the greatest farming and ranching region in the world.

It's said his vision had a considerable effect on immigration and investment. And I would echo his unshakeable confidence today.

Our farms and ranches are global leaders in innovative production practices and the use of technology, resulting in high quality, competitively priced, and globally trusted products – products that are produced with less energy, less water, fewer acres, and lower emissions.

Food and beverage processing provided jobs to more than 26,000 Albertans in 2018, making it the province's largest manufacturing employer.

A Blueprint for Jobs seeks to attract \$1.4 billion in investment to grow agriculture and food exports over the next four years. This will create 2,000 jobs and grow the sector by eight per cent per year.

Technology is increasingly a foundation of Alberta's economy. Our primary sectors such as energy and agriculture have driven technological advancements and are, in turn, sustained by ongoing innovation.

Alberta is home to one of three Canadian artificial intelligence hubs, and the AI ecosystem has seen an incredible upswing in growth with the attraction of research labs and an increased number of AI start-ups.

We know that the start-up companies of today are the job creating industries of tomorrow. To that end, Budget 2020 provides more than \$200 million to support research, innovation, and commercialization to develop and advance talent, and to help drive global investment.

This funding will support growth in AI and machine learning, aviation, and aerospace, and the finance and fintech sectors. We will work with our entrepreneurs and those with a bold vision for Alberta's future to ensure that government programs, including this funding, are supporting commercialization, attracting talent to Alberta, and establishing long-term jobs for Albertans.

Another industry with immense potential is tourism. In fact, tourism is one of the fastest growing industries in the world with global traveller expenditures expected to double in the coming decade.

A Blueprint for Jobs includes development of a ten-year tourism strategy to support our goal of doubling tourism spending in Alberta to \$20 billion by 2030.

A Blueprint for Jobs also includes an infrastructure approach that puts a focus on long-term job creation.

Over the next three years, we will invest an average of \$6.4 billion per year building schools, health care facilities, roads, and other infrastructure Albertans need.

To accelerate job creation, government will work with industry and municipalities to identify and prioritize strategic transportation corridors for development that will improve productivity, attract investment, and support economic growth. Analysis is underway to identify investments that support job creation both in their construction phase and into the future.



While there's much work to do on the jobs front, there are reasons for optimism.

Canada has a new free trade agreement within North America, and we call on the federal government to ratify the Canada-U.S.-Mexico Agreement as soon as possible.

Economic uncertainty in Europe is easing with Brexit clarity.

Trade relations between the United States and China, which stoked fears of a global recession last year, are improving.

The Canadian Association of Petroleum Producers is projecting a \$2-billion increase in Canadian energy investment in 2020, which signals the first increase in oil sands investment since 2014.

Alberta is on track to lead the country in economic growth over the next two years. Real GDP growth is forecast to rebound to 2.5 per cent in 2020 and average just under three per cent between 2021 and 2023.

But we know there are still risks out there. As the coronavirus is affecting communities across the globe, we're seeing the impacts of decreased economic activity in the financial markets.

That is why we are focused on what we can control – creating an attractive business environment and restraining spending.

While we work to expand our economic capacity to increase job opportunities for Albertans, we are also making overdue changes to modernize and streamline the delivery of public services.

The MacKinnon Panel found that Alberta's spending per capita is the highest in Canada, and has been for the last 25 years.

We would be spending \$10.4 billion less every year if our per capita spending simply matched the average of British Columbia, Ontario, and Quebec.

And our higher spending hasn't bought better results.

Budget 2020 keeps our four-year fiscal plan on track to move our per capita spending levels in line with Canada's largest provinces, with a clear focus on achieving results.

We made a commitment to Albertans that we would not cut health care or education spending and we have kept our promise. Budget 2020 maintains health spending while taking meaningful action to improve the health care system.


The recently released Ernst & Young AHS review identified a number of opportunities to reduce costs while improving system performance, with all savings reinvested into front line services.

Over the next three years, AHS will implement the Alberta Surgical Wait-Times Initiative that includes contracting with independent surgical providers, with a goal to perform an additional 80,000 surgeries by 2023 and dramatically reduce wait times.

Funding for a new mental health and addiction strategy will provide hope to those caught in the cycle of substance abuse. As outlined in Budget 2019, we will deploy funding for up to 4,000 additional addiction and mental health treatment spaces.

A new funding model in Education will provide school boards with the flexibility and, more importantly, the predictability they have been seeking.

The new formula better manages student growth, streamlines the large number of grants to reduce duplication, simplifies reporting, and directs funding to the classroom instead of administration.



As our students transition from high school to post-secondary there will be a focus on programs that result in good tangible careers.

A new outcomes-focused funding model for post-secondary education will provide base support to institutions, and then top that up with performance-based incentives.


Budget 2020 continues new training opportunities to prepare students and adults for lucrative jobs in the skilled trades, with funding to Skills Canada Alberta, Women Building Futures, new veterans and trades scholarships, and doubling of the number of schools that work with CAREERS the Next Generation.

These skills will be necessary as the economy picks up, and as a large segment of the population retires over the next 10 years.

There are currently thousands of available jobs in transport truck driving in Alberta even while thousands of Albertans remain unemployed. A Blueprint for Jobs will make new tools available to make a career as a Class 1 truck driver more attainable.

Our government committed to better protect rural Albertans from crime, trespassing, and vandalism.

A new Police Funding Model will support our fight against rural crime by putting hundreds of new RCMP and civilian positions in rural communities. We are funding 50 new prosecutors and expanding drug treatment courts to mitigate the cycle of addiction-related crime.




Budget 2020 will also introduce a number of modernization initiatives to reduce costs in the justice system.

We are moving away from paper records to digital forms and e-Courts to save nearly one million court visits, two million hours and over \$400 million dollars in the first five years. This will result in improved justice capacity and the ability to focus resources on the front lines.

We committed to support Alberta's most vulnerable and Budget 2020 keeps us on track.

Funding for Children's Services will increase nearly 10 per cent by 2023 and will assist in ensuring children have an opportunity to grow up in a safe and caring home.

Community and Social Services will provide \$11.7 billion over the next three years caring for adults and families in need of support, people with disabilities, and the homeless.



2020 will mark an important year in implementation of the MacKinnon Panel recommendations. The panel found that Alberta has the highest total per capita compensation for all public sector jobs compared to other large provinces.

Mr. Speaker, you cannot discuss a balanced budget without discussing public sector compensation. More than half of taxpayer dollars in Alberta are spent on staffing. It's our largest single expense.

Since 2015, the public sector grew by more than 10,000 full-time equivalent positions, and salaries grew by an average of 2.3 per cent per year.


Albertans simply cannot afford this. Alberta can no longer afford to be the outlier in the nation. Therefore, this government is acting on MacKinnon Panel recommendations to bring public sector compensation in line with comparable provinces.

We have a goal to reduce the overall cost of public sector staffing by 2.1 per cent over three years.

This is both responsible and fair, and respects the realities of those working outside the public service. More importantly, it will ensure our ability to deliver the high quality services that Albertans expect now and in the future.

That means that as collective bargaining begins with unions that represent 270,000 public sector workers, there is no money for pay increases.

So again, I ask the nurses and teachers and the dedicated professionals who serve Albertans everyday – work with us as partners to ensure a sustainable future for our public sector and the high-quality services you deliver.



Mr. Speaker, for many years Alberta has been the economic engine of the nation. We have made a massive contribution to the national economy and to Canadians' standard of living by adding \$100 billion to the national treasury in the last five years alone.


Over that same time frame, however, adverse market conditions have been made worse by federal policies that have created uncertainty, damaged conditions for investment, and otherwise hindered the province's economic recovery.

During this most difficult period for the province in a generation, our contributions to Canada have not been reciprocated. Alberta is seeking a fair deal to address this imbalance.

The Fair Deal Panel is listening to people across the province regarding a new arrangement for Alberta within Canada and will report back to our government this spring.

While we are challenged with our current federal government, we do have a growing number of provincial allies on issues important to Alberta.

With decisive leadership from our Premier, nine out of 10 provinces are supportive of energy and resource corridors.




Nine out of 10 premiers share our opposition to Bill C-69, the “no more pipelines” law. And most provinces have joined us in opposing the federal carbon tax.

And on our request for a retroactive \$2.4 billion fiscal stabilization payment, Alberta has the support of all 10 provinces.

After the federal election in October, the Prime Minister offered words of concern for the west and in support of national unity. Unfortunately, they’ve only been words and Albertans need to see real action.

So I call on our federal government to unequivocally and tangibly support growth in the Canadian energy industry, and our fair request for a retroactive fiscal stabilization payment.



Mr. Speaker, balancing the budget is critically important for our future as a province, but Budget 2020 is more than that.

It's about continuing the intentional direction set in Budget 2019, a direction that's grounded in responsibility and confidence.

It's about delivering public services to Albertans in a more modern, cost effective, and sustainable manner, so they are available for future generations.

It's about laying a foundation for the future – a foundation for economic growth, prosperity, and opportunity.

And once again, I make a commitment to all Albertans that this government will work relentlessly to create job opportunities, and to get a fair deal for Alberta in Confederation.

Mr. Speaker, there are signs that in 2020 we will turn a corner and see real economic growth return to the Alberta economy. We are on track to balance the budget. We are on track to bring investment, and jobs back to Alberta. We are on track to transform service delivery and to protect the most vulnerable.

Albertans are resourceful, responsible, forward looking and hopeful. Together we will achieve a strong, prosperous, and compassionate Alberta.

Thank you, Mr. Speaker.

