



Budget Address

Moving forward

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

Mr. Speaker, it is an honour to rise in the Assembly today to present Budget 2022.

This is the fourth budget I have presented on behalf of Albertans and, although each one was unique in context and, at times, extraordinary, the overarching themes in all have remained steadfastly unchanged.

We remain relentless in our focus to position our province for, not just economic recovery, but long-term, significant, exceptional economic growth.

We are unwavering in our support for health care with record-high investment to expand key system capacity.

And we are committed to responsible and sustainable fiscal management, tethered by three key fiscal anchors.

I want to pause, Mr. Speaker, before I begin to unpack these tenets to ask, 'Why does any of this matter?

Do we discuss fiscal anchors or economic growth and job creation to pat ourselves on the back or to tick a box on our list of goals?

Is this just a procedural exercise and the shuffling of numbers on a ledger?'

The fact is, Mr. Speaker, that behind every number I present and every principle I set forth, is the life of an Albertan.

Mr. Speaker, behind every job created is dignity and independence for an Albertan ...

behind every thriving small business is the opportunity to impact a family, a community, our province ...

behind every dollar that we don't add to our deficit, stand our grandchildren, free from carrying the burden of a debt they did not incur.

It is the real-time, everyday impact in the life of Alberta families both now and in the generations to come that make these numbers matter.

And so, Mr. Speaker, it is with this in mind that I begin with our fiscal progress.

Our government was elected on a platform committed to responsible fiscal management and, to that end, we established 3 fiscal anchors to inform policy and guide decision making.

The first anchor was getting per capita spending in line with comparator provinces.

In 2019, when we took office, as per the MacKinnon Report, we inherited a government that, on a per capita basis, spent \$10 billion dollars more per year than similar provinces.

Moreover, Mr. Speaker, the previous government's operating spending was increasing by 4% per year.

Had we stayed on this trajectory, many of the programs and services essential to Albertans would have simply become unsustainable and out of reach.

Over the last 3 years, I am pleased to announce that we have brought that 4% annual operating spending increase down to less than half a percent per year and, if we exclude health spending increases of nearly 2% per year, our operating spending has essentially remained flat over the term.

Winston Churchill once stated, "In finance, everything that is agreeable is unsound, and everything that is sound is disagreeable."

Mr. Speaker, yes... we've made some difficult but, I believe, necessary choices and, by doing so, we've kept our promise to be accountable to Albertans.

The commitment to ensure that we receive the best possible value for our tax dollars has been honored, and in Budget 2022, I am pleased to report that we have arrived.

As a province, we have done the heavy lifting.

Our costs to deliver government services are now within the range of those comparator provinces.

We are no longer an expensive outlier and that is tremendous news for our province and the sustainability of the programs and services we provide for all Albertans.

The government also established an anchor committing to keep Alberta's net debt-to-GDP ratio below 30%.

Abiding by this principle preserves our net financial position, or in other words, ensures a strong balance sheet.

Our projections for the net debt-to-GDP ratio have continually improved over this last year.

In Budget 2021, the ratio was estimated to be 24.5%, but with an improving fiscal picture, is now forecast to be 18.3% at the end of this fiscal year.

Alberta has one of the lowest net debt-to-GDP ratios in the nation and our responsible fiscal management will maintain that strong position.

With increased economic and fiscal capacity, and by maintaining discipline in our spending decisions, our fiscal future as a province is vastly improved, the positive effect of which is significant and tangible for Albertans today and is of exponential value for the Alberta of tomorrow.

It is no exaggeration, Mr. Speaker, to say that our government has been unrelenting in its focus on investment attraction, economic growth and diversification, and job creation.

Our broad-based Economic Recovery Plan creates sustainable economic diversification, and when I say 'broad-based', I mean..... fostering a competitive, predictable business environment where market signals and the essential tension of sector competitiveness is maintained, and where capital deployment decisions are not distorted.

Mr. Speaker, at this juncture in our history, we have the benefit of observing two recent, very distinct economic approaches taken when dealing with an economic shock or downturn.

The previous government took the approach of increased spending, increased taxes, and increased regulation.

In spite of fiscal challenges, they increased government spending well in excess of population growth and inflation.

They increased personal taxes, corporate taxes, and introduced a carbon tax making life more expensive for all Albertans.

What followed was an exodus of investment, economic decline, massive job loss, and perpetual deficits.

Mr. Speaker, when faced with an historical economic challenge, our government took the opposite approach.

We doubled down on investment attraction, economic growth, and job creation.

We relentlessly pursued red tape reduction and regulatory modernization and we significantly reduced our business tax rate.

While we ensured Health had all the resources needed to battle the pandemic and we increased capital spending in a targeted countercyclical manner, we continued to be disciplined in operational spending, ensuring we were not building in permanent entitlements.

Mr. Speaker, in less than a decade we have two case studies on how to respond to an economic crisis and the results speak for themselves.

Investment is pouring into this province across regions and sectors, and more jobs have been created than lost in the downturn.

Moreover, economic growth is creating expanded fiscal capacity, resulting in additional government revenues.

In fact, Mr. Speaker, we will collect roughly \$400 million more in annual corporate tax revenue at an 8% rate than the previous government did at 12%, which speaks to the incredible investment climate we've restored in the last 3 years.

Disciplined operational spending is reducing our need to take on additional debt, and all of this is putting the province on a more sustainable fiscal trajectory.

As I've visited with business leaders, small business owners and entrepreneurs, there is overwhelming agreement that a nimble, predictable, outcome-based regulatory environment is critical to business competitiveness, economic growth and diversification.

Mr Speaker, it is for this reason, led by the Minister of Red Tape Reduction, we have intentionally and persistently worked to modernize our regulatory environment from the first day we took office.

And while this work will be ongoing, I am pleased to report on our progress.

We have materially improved Alberta's regulatory environment, eliminating more than 20 per cent of the government's regulatory requirements and saving Albertans, business and government more than \$1.2 billion. Many initiatives directly address recommendations from industry and the public.

And we've seen our efforts pay off.

In 2021, Canfor moved substantial capacity from BC to Alberta by purchasing three Alberta mills while shutting down four in BC, explicitly stating that their decision was due to our province's business friendly regulatory environment.

Another key part of our recovery plan was a strategic and countercyclical approach to infrastructure investment as reflected in our capital plan.

Our focus included projects that would improve our competitiveness and productivity, projects that would position the province for job creating investment attraction.

This includes a 390 million dollar investment in rural broadband, leveraging an additional 600 million of federal and industry funds ensuring all Albertans have essential digital connectivity.

Mr. Speaker, these carefully constructed government policies are working.

There is a great deal of global capital finding a safe home in Alberta because we have created, by a wide margin, the best environment for investment in the nation.

In fact, the Conference Board of Canada, Desjardins and TD all have Alberta leading the nation in economic growth in 2022.

Last year, Alberta broke its venture capital record for the third year in a row.

Billions of dollars of private investment are pouring into our province in the agriculture and agri-food industry, the petrochemical and hydrogen economy, as well as the technology and aviation sectors to name a few.

Amazon Web Services has announced a \$4.3 billion dollar investment in Alberta with the creation of a new computing hub near Calgary.

Infoysy and Mphasis are adding thousands of tech jobs in the province. RBC is creating a tech hub in Calgary with 300 seats; EY chose Calgary for its Canadian Finance Center of Excellence creating 200 positions.

We had a record year in film and television.

Lynx Air, Canada's newest low-cost airline, will join Flair and WestJet as Alberta based airlines and Dow Chemical has announced the world's first net zero ethylene cracker to be built in Edmonton's industrial heartland.

There have been five hydrogen project announcements including Northern Petrochemical's \$2.5 billion project in the MD of Greenview.

Bunge is working to build a \$650 million dollar canola crushing plant near Lamont, and Fortune Minerals is investing \$250 million dollars for a refinery near Edmonton, citing the province's competitive tax rate as a key reason for choosing Alberta.

Mr. Speaker I could go on and on. It would take, literally, hours for me to list all of the new business investments and expansions that are underway or have been announced in this province.

Meanwhile, in January, while Canada lost 200,000 jobs, Alberta's economy gained over 7,000.

This is in addition to the more than 130,000 jobs gained in 2021.

In fact, we have not only fully recovered all the jobs lost since the pandemic, but have added an additional 33,000 jobs as of January and in 2022, employment is expected to grow by a further four percent.

Mr. Speaker, we are seeing broad based investment and economic diversification at rates I may not have seen in my lifetime.

Over the next few years this increased investment will create job and career opportunities in a host of occupations and professions.

This matters for every Albertan who is unemployed or underemployed, and this matters to the next generation, offering them greater freedom as they pursue their career aspirations.

Now, Mr. Speaker, as we work to increase diversity in our economy, I also want to celebrate the strengths of our foundational sectors, and key among them is our energy industry.

For our government, the energy industry is not about binary choice. It is not 'either/or'.

It is not either energy or diversification ... it is both.

It is not either the protection of the environment or the development of natural resources ... it is both.

Mr Speaker Alberta is a global leader in emerging energy and emissions reduction technologies.

This is evidenced by our ongoing investment in carbon capture and storage, and a 40 million dollar investment in a Clean Hydrogen Center of Excellence.

But even as we lead in energy transition, global oil demand is expected to exceed pre-pandemic levels in 2022 and many expect it will continue to increase for the next several decades.

Alberta is the ethical choice to satisfy that demand.

We are a world leader in sustainable and responsible resource development with the highest ESG performance among oil-producing countries worldwide.

Mr Speaker, a lack of pipeline capacity has limited our energy industry, at times, resulting in crippling Alberta price discounts.

However, Mr. Speaker, I'm pleased today to say that significant progress has been made on this front.

The Enbridge Line 3 replacement was completed in 2021 adding 380,000 barrels per day of increased capacity.

In spite of the fires and floods in BC, the TransMountain and Coastal Gas Link pipeline projects continue to progress.

Within the province, the Nova Gas transmission line, the Pembina Peace pipeline expansion, and the Keyera liquids line are all moving forward.

When completed, these projects will eliminate the bottleneck of Alberta energy and provide essential additional capacity to export markets.

The much improved, very narrow discount currently applied to Alberta heavy oil reflects the increased pipeline capacity already achieved.

All of this, Mr. Speaker, is very good news for the future of the Alberta energy industry.

Now, while some are operating under the belief that hasty divestment of oil producing assets is a positive move, they are mistaken.

Premature divestment is contributing to a global energy crisis that will have very real consequences environmentally and for the most vulnerable globally.

Given the increased demand for oil, we have an opportunity and, indeed, a responsibility to maximize production.

The most principled, productive and innovative energy investments are right here in our own backyard and we remain committed to support initiatives that ensure the ethical supply and export of Alberta energy for decades to come.

Mr Speaker, increasing energy prices and commodity prices generally, combined with excessive federal stimulus, and supply chain disruptions have resulted in inflation rates not seen in decades.

This is pushing up costs for Albertans, and has elevated concerns over the costs of utilities.

To alleviate the fear of spiraling utility costs, and to allow Albertans to benefit from an owned resource, budget 2022 implements a consumer price protection mechanism, similar to the measure Ralph Klien put in place in 2006.

If natural gas prices exceed 6.50 a gigajoule, a utilities rebate will be triggered. This means Albertans needn't fear a run up in natural gas prices of the variety currently experienced in Europe and Asia.

While Alberta is not immune from the effects of inflation, we offer a more affordable province to live than virtually any other Canadian jurisdiction.

Albertans earn more than Canadians in any other province, and this is true in both the energy and non-energy sectors.

Albertans have some of the lowest home prices and rents among Canadian urban centres.

In fact, Albertans are able to purchase at least two homes for every one home purchase in Toronto or Vancouver.

Our gasoline and diesel prices are the lowest in Canada, owing in part to low fuel tax rates and no provincial sales tax.

And, Mr. Speaker, advantageous tax rates are not just for corporations.

Albertans continue to pay less in overall taxes than any other province, with low personal income tax and no provincial sales tax, payroll tax or health care premiums.

We also have the highest basic personal exemption amount among provinces, allowing individuals to earn more before they have to pay any provincial personal income tax.

In fact, Mr Speaker, 40% of Albertans do not pay any provincial income tax.

That, combined with our status as the highest earners, mean the after-tax incomes of Albertans are the highest in Canada.

And, Mr. Speaker, Canadians are taking notice and voting with their feet.

In the third quarter of 2021, Alberta led all provinces in interprovincial in-migration.

Mr Speaker, during times of inflation, the most beneficial and durable government response is to spend less, borrow less, and tax less.

Mr. Speaker, as our economy grows and jobs are created, there's a new challenge on the horizon.

In fact, in many ways, the challenge is already upon us and it is a labour and skills shortage.

It is difficult to understand that in an economy with an unemployment rate of over 7 percent we could experience a labor shortage, but this is indeed the situation we find ourselves in and our government is working hard to address this complex and unique challenge.

Mr. Speaker, Alberta's workforce is facing unique pressure on a number of fronts.

The unprecedented challenges presented by COVID-19, a global recession and energy price collapse, overlaying a job market still struggling from the 2016 investment exodus, resulted in extraordinary job loss.

The very real challenges of getting back to work after being out of the market for a sustained period of time are, legitimately, overwhelming for some.

I want to tell you the story of 'Larry'.

Larry has been a pipefitter for over 30 years.

He has always enjoyed working, being able to provide for himself and his family, connecting with colleagues, the rhythm of 10 days on and 5 off.

In early 2020, he, along with many others, lost his job due to the economic downturn.

He accessed the financial supports available to him but he was only surviving, not thriving.

Family and friends expressed concern over his social isolation and declining mental health.

He considered retraining in a different field – he just wanted to get back to work – but he felt quite paralyzed as he thought of learning something new.

Was he even capable of retraining? Who would hire him at his age?

I think Larry's story resonates with many people right across our province.

Mr. Speaker, our core needs – to be independent, competent, productive, and socially connected – are often met through our work.

Extensive research has shown that periods of unemployment can have detrimental impacts on both personal health and socioeconomic outcomes, as well as broader family and community impacts.

And beyond personal wellbeing, Albertans contribute to the well-being of this province with every paycheque.

They help pay for health care and education.

They pay for the many, programs that exist in Alberta to help the most vulnerable.

They contribute to salaries, pensions and benefits for public sector workers and they give generously to a wide array of community and not-for-profit organizations.

And so, Mr. Speaker, our focus now must be to ensure that every Albertan has the opportunity to secure adequate and meaningful employment.

For those Albertans who need a hand up in order to get onto that path, this budget provides new and additional funding with the goal of eliminating barriers to work.

For those who want to upgrade their skills and improve on their current work situation, we are designing a new program of bursaries for low-income workers.

For those re-entering the job market but unable to meet all of the job qualifications, we are providing targeted supports, from work equipment, to training, to micro-credentialing.

Mr. Speaker, we recognize the need to create pathways to success for all Albertans, wherever they are on their career path.

Budget 2022 provides over \$600 million dollars in incremental funding over three years to help to create those pathways.

We have developed the Alberta 2030 initiative, a 10-year strategy to develop a highly skilled and competitive workforce within an already world class post-secondary system...

One that enhances connections between programs and the needs of employers, is highly responsive to labour market needs, and contributes to an innovative and prosperous Alberta.

I am pleased to announce that we are providing \$170 million over the fiscal plan to expand enrolment in areas with skills shortages.

Approximately 7,000 seats will be created in areas such as high technology, finance, agriculture sciences, health and aviation.

We are also making a generational investment at the University of Calgary to expand the Faculty of Veterinary Medicine.

This \$59 million dollar investment will address a critical emerging shortage of large-animal veterinarians in rural Alberta.

Budget 2022 designates \$30 million dollars for enhancing apprenticeship programs and opportunities.

\$15 million dollars will enable 300 students to acquire skills linked to emerging technology sectors and other in-demand occupations....

The other half will be provided to community agencies in support of programs like Women Building Futures and CAREERS: The Next Generation.

And this budget also reflects Alberta's agreement with the federal government to support the expansion of accessible childcare that gives families the choice they need.

Mr. Speaker, the COVID-19 pandemic has brought with it significant challenges for all Albertans in every aspect of daily life and nowhere has this been more evident than in health care.

Throughout the pandemic and out of necessity, Health responded to the fluctuating need for ICU spaces.

I would like to thank my colleague, the Minister of Health, and his predecessor for pushing AHS to find capacity to deal with the pandemic pressures.

I would also like to thank the nurses, doctors and frontline healthcare workers who sacrificially served Albertans over the last year.

Your contribution did not go unnoticed, and on behalf of all Albertans ... Thank You!!

The past two years has exposed a systemic lack of margin within our healthcare system and while this has, at times, put considerable strain on our hospitals and front-line workers, it has been exceptionally instructive and brought into sharp focus the areas of deficit, specifically, surgical, ICU and critical care capacity.

By identifying and addressing these challenges, we will substantially improve our ability to not only cope with future health care crises, but to more effectively address the ongoing basic health needs of Albertans.

Mr. Speaker, the budget I am presenting today includes a record-high healthcare investment in response to these identified urgent needs.

Budget 2022 will support implementation of findings from a review of Health System Capacity, with a goal of creating additional capacity to help deal with COVID and future inevitable health care challenges.

AHS continues to pursue international and domestic physician recruitment opportunities and Alberta continues to be among the highest in overall physician compensation in Canada.

In January of this year, the United Nurses of Alberta membership voted 87% in favour of a new collective agreement that, in the words of UNA president Heather Smith, "... will benefit our members and [is] fair to the people of Alberta."

This agreement ensures that our nurses remain the highest paid in Canada while reflecting Alberta's fiscal reality.

It acknowledges the remarkable contributions of our nurses during the pandemic, and again, I want to personally extend my appreciation for their sacrificial service over these past two years.

Along with providing stability to our healthcare system, this agreement also addresses rural healthcare challenges.

We are allocating \$5 million dollars per year for nursing recruitment and retention strategies in rural and remote areas of the province and another \$2.5 million dollars a year for relocation assistance.

Alberta's government is spending \$90 million dollars this year to address rural physician recruitment and retention.

The Rural Education Supplement and Integrated Doctor Experience, or RESIDE, provides benefits to new family physicians to practice in rural Alberta communities of need.

Budget 2022 includes \$64 million for EMS to address capacity needs and other pressures within this system, and \$20 million over four years to improve access to palliative care and caregiver support for Albertans and their families.

Mr. Speaker, the government spends approximately \$1 billion annually on mental health and addictions and Budget 2022 invests an additional \$20 million to further implement a recovery oriented system of care that builds on the strengths and resilience of individuals, families and communities.

A number of significant capital investments in health care capacity are also included in this budget.

We are accelerating our work to build a new hospital in Red Deer.

Mr. Speaker I want to thank the Minister of Education, the MLA for Red Deer South, and their colleagues who have been effective advocates for this new hospital.

Budget 2022 also provides \$50 million dollars to begin construction on the University of Alberta Hospital Brain Centre – Neurosciences Intensive Care Unit, and \$133 million dollars for the Alberta Surgical Initiative, expanding surgical capacity across the province.

Mr Speaker, Alberta's ongoing economic and fiscal contributions to Canada play a vital role in driving and sustaining the national economy, as well as in funding the federal programs upon which all Canadians rely.

While Alberta's economy is showing real signs of life, the Canadian economy continues to struggle with tepid productivity growth and competitiveness challenges.

This is reflected in ongoing weakness in business investment, which remain well below 2014 levels.

When the federal government posted their fiscal update late last year, it was my hope that Canadians had taken a close look at the fundamentals driving the good news in their revenue forecast ... it was us.

It was Alberta.

When the Canada Pension Plan Investment Board posts their annual results, it is always my hope that Canadians take a close look at the fundamentals that have driven its growth ... it will be us.

It will be Alberta.

As Alberta once again leads the nation in economic growth, I hope all Canadians will be watching to see how our shared standard of living is maintained. It will be us.

Alberta.

Mr. Speaker, Canada needs a strong Alberta!

Now, Mr. Speaker, while I have already addressed two of our fiscal anchors, there is a third..

We committed to Albertans that as we got through the pandemic and global economic crises and when we had additional economic clarity, we would provide a timeline and path to a balanced budget.

Now, Mr. Speaker, standing here one year ago, presenting Budget 2021, as we were just beginning to recover from the depths of the pandemic-driven economic and energy price crisis, the prospects of a balanced budget seemed so distant, so foreign to the fiscal reality of the day.

So, Mr. Speaker, it is in that context that makes what I am about to say so incredible.

We've worked hard across ministries to make responsible fiscal decisions and have relentlessly positioned the province for exceptional economic growth and expanded fiscal capacity, and it gives me great pleasure today to present Budget 2022, a balanced budget.

Mr. Speaker, while it is immensely gratifying to have fulfilled such a significant election promise during these extraordinary times, to check another box on our 'promise made, promise kept' list, Budget 2022 is ultimately about making life better for every single Albertan.

Oh, and Mr. Speaker, Larry, the pipefitter, out of work for almost two years, with declining mental health, rusty skills, and lost confidence?

Well, about 4 months ago, in his own words, he 'got the call'.

With an improving economy and employers hiring again, Larry was called back to work; back to the ability to provide for his family, back to community and back to a hopeful future.

He says he's never been more excited to go out on a job.

Budget 2022 is for Larry and every Albertan that needs a hand up; it is for the entrepreneurs that have a vision not only for their business but for their community; it is for future generations who may never know the choices we made today so they have greater opportunities tomorrow.

And, Mr. Speaker, it is, ultimately, Albertans who deserve the credit for this achievement.

This belongs to the healthcare workers, the truckers, oilfield and grocery store workers and every Albertan who went to work every day serving Albertans in spite of the pandemic.

It belongs to the farmers and ranchers, the entrepreneurs, the thousands of Albertans with the vision to see opportunity in hardship and it's the moms and dads, the pastors, the volunteers and neighbours who cared for the least of these, bringing a bit of light into dark times.

Budget 2022 and the long-term economic trajectory of our province is not an intellectual or accounting exercise.

It is a blueprint for strength, for prosperity, for hope to rise again in our province, for years to come.

