



BUDGET ADDRESS

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President of Treasury Board, Minister of Finance
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Alberta 

INTRODUCTION

I am pleased to present Budget 2016 – the *Alberta Jobs Plan*.

Mr. Speaker,

The Alberta Jobs Plan supports families in a tough economy.

The Alberta Jobs Plan protects health care, education and the vital public services that Albertans count on.

And, above all, the *Alberta Jobs Plan* diversifies Alberta's economy and creates thousands of jobs.

In short, Mr. Speaker, the *Alberta Jobs Plan* moves Alberta forward.

Let me begin today by expressing my thanks to the thousands upon thousands of Albertans who contributed to the plan.

In telephone town halls, at public meetings, in homes, workplaces, and chance encounters on the street, Albertans from every walk of life and every part of the province offered me, the Premier, and our government their views on the priorities we should set.

I am extremely grateful for their thoughtful input.

One thing was crystal clear in everything we heard: though the collapse in oil prices has shocked our economy, it has not shaken our spirit.

Hope, optimism, and an abiding faith in a better tomorrow are in our DNA – they are how this province was built.

So too is our deep commitment to the communities we call home.

Alberta is made up of people from every part of the globe pursuing their dreams as only we can in a province blessed by an abundance of natural resources, talent and entrepreneurial spirit.

We share common ambitions for a future in which we all participate as full citizens and equal partners.

As the Throne Speech said, “In Alberta, we always pull together.”

Mr. Speaker, these are the values – bedrock Alberta values – upon which the *Alberta Jobs Plan* is built.

And these are the values that will get us through the collapse in oil prices and lay the foundation for a more resilient, more diversified and more prosperous economy.

CONSEQUENCES OF THE OIL PRICE SHOCK

Mr. Speaker, we are at a critical moment in Alberta’s history.

In the past year and a half, the price of oil has dropped by over two-thirds – from a peak of more than \$105 per barrel in the summer of 2014, to less than \$30 in January.

In Alberta, we’re used to volatile oil markets. But this price bust is the most dramatic in generations. It is causing tremendous economic pain and anxiety.

I see that every day in the letters that arrive in my office and in the concerns brought to me by my constituents. Many Albertans are hurting.

Unemployment has risen dramatically – peaking at 7.9 per cent this year. And revenues to government have fallen off a cliff.

In 2013-14, the province booked almost \$10 billion in non-renewable resource revenue.

This year, we are forecasting an almost 90 per cent drop to \$1.4 billion – less revenue than we’ve seen in 40 years.

Dollar for dollar, lower royalties means there will be a higher deficit. And, revenues from other taxes will be lower as well.

Mr. Speaker, the oil price shock has produced a deficit of \$10.4 billion in this year’s budget. To account for the extreme volatility of oil prices, particularly in the last year, the deficit includes a \$700 million risk adjustment.

THE CHOICE

Faced with the collapse in prices for our most valuable commodity, Albertans are confronted with a choice that will have profound consequences for generations to come.

When oil prices fell in the past, Alberta governments responded by making reckless and extreme cuts to public services, firing thousands of teachers and nurses, cutting supports for seniors, and abandoning the most vulnerable.

Some say we should turn the clock back and do the same thing today.

But on this side of the Legislature, we fundamentally disagree.

On this side of the Legislature, we are standing with Albertans.

Because Albertans told us how detrimental the slash and burn approach would be for our economy and our society.

It would only cause more pain and economic anxiety, tearing at the fabric of our communities and making a difficult situation that much worse.

THE PLAN TO CONTROL SPENDING

Mr. Speaker, that's why our government is taking a different approach, a better approach.

We are thoughtfully and carefully reducing the cost of government, while protecting the public services that we all count on.

Let me provide you with a few examples:

Instead of extreme cuts, our government is amalgamating or dissolving 26 agencies, boards and commissions, saving approximately \$33 million over three years.

Instead of slashing public services, our government is reducing budgets for salaries and supplies in government departments by nearly two per cent this year, saving \$121 million.

Instead of taking a panicked approach, our government is deferring some of our platform commitments, slowing down their rollout and reallocating savings to where they are needed most.

And we are streamlining programs such as Alberta Innovates and community partnership grants, and suspending payments to the Access to the Future Fund.

Mr. Speaker, in addition to these careful measures to bring down the cost of government, we are also taking action to control costs in the public sector.

We have frozen management salaries at government agencies, boards and commissions. And we have commenced a review of salary rates overall in these agencies.

Cabinet, MLAs and political staff will not see a salary increase for the entire term of this legislature.

The same is true for managers in the public service for two years.

Cost control measures such as these are not easy, but they are necessary.

Quite frankly, however, they are not enough to get the job done.

For that, we need to tackle rising costs in our public health care system.

I want to be clear: public health care is a sacred trust shared by every Albertan.

And this government is absolutely determined to protect it today and for future generations.

Owing to the work of my colleague, the Minister of Health, and her dedicated health partners, the health care cost curve is bending down.

Over the last six years, the health budget increased by an average of six per cent, each and every year.

Over the next three years, the operating budget for health care will increase by an average of 2.5 per cent.

We are making good progress.

But to secure public health care we have to keep at it.

We have to reduce the cost of pharmaceuticals. We have to improve mental health care in the community. And we have to address the rising costs of compensating Alberta's dedicated doctors.

Mr. Speaker, our government's plan to control costs is working.

Overall growth in the government's operating budget falls to an average of two per cent for the next three years.

At the same time, Alberta maintains the lowest overall tax regime in Canada, with no provincial sales tax, no payroll tax, and no health premiums.

And we have a significantly lower debt-to-GDP ratio than Canada and other provinces.

That means we have the fiscal capacity to protect the health and education services Albertans count on, with thoughtful measures to control costs while maintaining certainty and stability for families.

But, Mr. Speaker, we have to stick to a plan that carefully brings the budget back into balance as the economy recovers.

And we must take action to create jobs and diversify our economy.

THE ALBERTA JOBS PLAN

The *Alberta Jobs Plan* focuses on doing just that.

As the Premier outlined in her televised address to Albertans, the *Alberta Jobs Plan* has four key pillars:

1. Supporting Families and Communities;
2. Investing in Infrastructure;
3. Diversifying our Energy Industry and our Energy Markets; and,
4. Supporting Alberta Business.

Mr. Speaker, permit me to outline each of the *Alberta Jobs Plan's* themes in more detail.



ALBERTA JOBS PLAN: SUPPORTING ALBERTA FAMILIES

Almost every family in our province has been affected in some way by the collapse in oil prices.

Many of our loved ones, friends and neighbours have suffered a job loss, or are worried they soon will.

Some are having a tough time keeping up with the bills and paying the mortgage.

And still more wonder how they will care for aging parents, help their kids get through school, and put something away for retirement when the future looks uncertain.

That's why the first pillar of the *Alberta Jobs Plan* is to help Alberta families weather this economic storm.

The Alberta Child Benefit Plan

As the Premier has said on many occasions, as we confront the consequences of the oil price shock, we must protect the most vulnerable Albertans, especially children.

Because the moral compass of any society is best judged by how it treats its most vulnerable citizens.

No child in Alberta should go hungry.

And no child's future should be sacrificed to the rollercoaster of global energy prices.

It is a fundamental commitment we owe to each other.

So, starting this summer, Alberta families will receive the new Alberta Child Benefit and enhancements to the Alberta Family Employment Tax Credit.

Mr. Speaker, this initiative is a major step forward for Alberta families – groundbreaking social policy to fight poverty, ensure that children get a good start in life, and help Albertans in need get back on their feet and into the workforce.

Under our plan, a low-income single parent with two children will receive just over \$3,000 a year in benefits.

In all, 380,000 children will be better off.

Mr. Speaker, it is a powerful expression of that most basic of Alberta values: in tough times, we are all in this together.

Let me also take a moment to acknowledge the federal government for introducing a new, national child benefit.

Owing to its commitment, middle- and low-income families will receive significant new support in addition to that provided by our government.

Expanding Employment Insurance

Mr. Speaker, the oil price shock also means far too many Albertans are suffering from the anxiety that comes with not knowing where their next paycheque is coming from.

Here, too, we owe it to each other to help these Albertans get the support they deserve.

Year after year, hardworking Albertans have paid into Employment Insurance, helping to finance a national system that supports all Canadians.

When energy prices were high, very few Albertans qualified for benefits because unemployment here was lower than in other parts of the country and average weekly earnings were higher relative to the rest of Canada.

Those rules needed to change.

That's why our government led the call for accelerated adjustments to EI rules to ensure unemployed Albertans were treated fairly and had more money in their pockets.

The federal government responded in part, and for that it deserves credit.

Some Albertans now have access to up to 20 more weeks of benefits – a step in the right direction, but still not good enough.

The exclusion of Edmonton and its surrounding communities from EI improvements makes absolutely no sense.

So today, once again, the Alberta Government calls on Ottawa to fix this unfair situation – and to fix it soon.



Because it doesn't matter if you are an unemployed oil worker in Nisku or Fort McMurray, you deserve to be treated fairly.

Education and Skills Training

Mr. Speaker, in addition to helping the most vulnerable through tough times, the *Alberta Jobs Plan* supports Alberta families by investing in education and skills training.

It is well understood that in today's global economy our most important asset is our people. And education is the most important investment we can make in their future.

Education is the key to building a strong economy and a healthy society.

The last government didn't understand this. It imposed reckless and short-sighted cuts.

We stopped those cuts.

The *Alberta Jobs Plan* builds on our commitment to education by fully funding enrolment growth in our public schools.

We are also increasing operating grants to our universities, colleges and post-secondary institutions.

And we are helping families cope with rising post-secondary education costs by extending the tuition freeze for a second year.

Today, I am also pleased to announce two new initiatives aimed at helping unemployed Albertans acquire the skills they need to get back to work.

First, I am announcing \$15 million to help apprentices complete their training and work experience requirements.

And second, \$10 million is provided to the *Training for Work Program*. This program targets a broad range of Albertans who are under-represented in the work force, including women, Indigenous people, and newcomers, to help them secure and maintain employment in high-demand jobs.

These two new initiatives, together with our government's unwavering commitment to giving our children and young people the tools they need to succeed, are strategic and prudent investments that support families today and will pay big dividends in the future.

ALBERTA JOBS PLAN: INVESTING IN INFRASTRUCTURE

Mr. Speaker, the second key pillar of the *Alberta Jobs Plan* is to invest in infrastructure for schools, hospitals, roads, transit and other much-needed infrastructure.

Infrastructure is the life-blood of the modern economy. Ask any of Alberta's global competitors.

They know that those jurisdictions that invest now in schools, transportation and green infrastructure will be best-positioned to compete and win in a fast-paced and ever-changing global economy.

With interest rates at historic lows and the economy and people in need of support, there is simply no better time to seize the initiative and invest for the future.

Acting on the advice of former Bank of Canada Governor David Dodge, last October the province announced an ambitious \$34-billion plan to build and upgrade new roads, transit, schools and hospitals.

That plan increased investment by 15 per cent compared to the previous government – an additional \$4.5 billion in new investment over five years.

Mr. Speaker, the *Alberta Jobs Plan* puts that commitment to work.

Over five years,

- We're more than doubling investments in affordable housing to almost \$900 million. As a result, more Albertans will live in safe, affordable homes. The funding also funds housing in support of the United Nations Declaration on the Rights of Indigenous Peoples.
- We're allocating \$365 million for continuing care, consistent with our commitment to fund more than 2,000 new long-term care beds for seniors. This investment will help ensure that the Albertans who built this province get the care and support they deserve.
- We're also financing critical new transit and transportation projects, including the ring roads in Calgary and Edmonton, a twinned bridge in Peace River, and the Gaetz Avenue Interchange in Red Deer.

- We're funding upgrades and new buildings on our college and university campuses, such as the University of Lethbridge Destination Project.
- We're supporting our fast-growing tourism industry with expansion funding for the Calgary Zoo and Fort Edmonton Park.
- We're allocating \$3.5 billion to build and modernize schools, including \$500 million for additional school projects in future capital plans.
- And we're helping municipalities address their infrastructure needs with \$9 billion in funding, primarily through MSI grants. In addition, nearly \$700 million is allocated for flood recovery and protection.

Today and for generations to come, Albertans will benefit from these investments.

Patients will benefit from Calgary's new cancer hospital and major improvements to health facilities in Edmonton and throughout the province.

Students will benefit from good schools and modern classrooms.

Commuters will benefit from significant new investments in buses, light rail and other transit initiatives.

Rural Albertans will benefit from improved water and road projects and new monies targeted to small and rural municipalities throughout the province.

And Albertans are benefiting today from the thousands of good jobs these projects create.

Yes, these investments cost money.

But with the lowest debt-to-GDP ratio in Canada, and with community infrastructure throughout Alberta in desperate need of attention, failing to act would leave a terrible legacy of overcrowded classrooms, longer health care wait lists, and decaying infrastructure.

Some argue that's the choice we should make – that we shouldn't build new schools and hospitals, that we should let our roads and bridges fall into disrepair, and that we should leave our towns and cities behind.

That would be a mistake Albertans can't afford.

And that's a mistake this government won't make.

ALBERTA JOBS PLAN: DIVERSIFYING OUR ENERGY INDUSTRY AND ENERGY MARKETS

Mr. Speaker, the third pillar of the *Alberta Jobs Plan* is diversifying our energy industry and our energy markets.

Achieving this goal is critically important to Alberta's future and to the economic security of every Albertan.

That's why last November the Premier stood with industry, Indigenous, environmental and community leaders to set out a climate leadership strategy.

Alberta's Climate Leadership Plan is the single most important step any Canadian government has taken to act on climate change.

It's the cornerstone of our plan to build a greener and more diversified economy that creates jobs for Albertans.

We are phasing out emissions from coal power generation to reduce pollution.

We are implementing a world-leading methane reduction plan.

We are investing in new green infrastructure and helping to grow Alberta's renewable energy industry.

Mr. Speaker, the Climate Leadership Plan erases any doubt about Alberta's environmental record.

Carbon Levy Rebated and Reinvested

Putting a price on carbon is at the center this strategy.

Mr. Speaker, we are bringing in a carbon levy to do two things:

First, a carbon levy sends a clear market signal to consumers and to businesses about the need to reduce their carbon emissions.

And second, every penny raised will be rebated back to Albertans and reinvested in our economy.

A carbon levy of \$20 per tonne will become effective on January 1, 2017. One year later, the levy will increase by \$10, to \$30 per tonne.

Beginning next year, single adults will receive carbon levy rebates of up to \$200 per year depending on income.

Couples will receive \$300.

Parents will receive an additional \$30 per child under 18 to a maximum of four. As the levy increases, so too will the value of the rebate.

Mr. Speaker, six in ten Alberta households will receive the full rebate and small businesses will benefit from a tax initiative that I will detail in a moment.

And all Albertans will benefit from investments in the green infrastructure and energy efficiency initiatives that the carbon levy will support, creating thousands of jobs, diversifying our energy economy, and driving new technologies that will add to our exports.

It's a win for our environment. It's a win for our energy industry. And above all, it's a win for Albertans who will benefit from a stronger, more sustainable economy with good paying jobs.

Mr. Speaker, in addition to the steps we are taking to secure the future of our energy industry and the jobs it creates, we are also working to open up new markets for our energy.

Think about it: with only one market available to us, Albertans and Canadians get shortchanged on every barrel of oil we sell.

Since 2010, we have sold our oil at an average discount of 20 per cent. As a result, the price bust is even worse for Albertans than it is for other energy jurisdictions around the world.

Every school, every hospital, every road, every Canada Pension cheque – indeed every program and service that Canadians rely on – owes something to the success of Alberta's energy sector.

Arguments about Alberta's environmental record no longer hold water.

Our province now has the most progressive climate action plan in North America. And pipelines are the safest and most environmentally responsible way to transport oil.

We have the technology, we have the know-how, and we have the expertise to build a modern, safe, and well-regulated pipeline to tidewater.

Mr. Speaker, we need to establish a framework that gets us to a “yes” to a pipeline, so that Albertans and all Canadians can get full value and a fair deal for Alberta’s oil on world markets.

ALBERTA JOBS PLAN: SUPPORTING ALBERTA BUSINESS

Mr. Speaker, the fourth pillar of the *Alberta Jobs Plan* is to support Alberta business.

In October, I announced an increase in capital to the Alberta Treasury Branch of \$1.5 billion to support lending to small- and medium-sized businesses in every region of the province.

So I was pleased to see ATB announce that it increased loans to small- and medium-sized business by \$335 million in the fourth quarter of last year.

I also announced a two-year, \$50-million investment in the Alberta Enterprise Corporation to help ensure Alberta entrepreneurs have the venture capital they need to launch their businesses, drive innovation and create jobs.

And I directed the Alberta Investment Management Corporation to earmark half a billion dollars for investment in Alberta companies with growth potential.

In each case, financial professionals are making financial decisions in the best interests of Albertans.

We are also seizing an opportunity to diversify our economy through the *Petrochemicals Diversification Program*.

Up to \$500 million in royalty credits will be awarded to businesses that invest in petrochemical facilities that use methane or propane to produce higher value products such as methanol and plastics.

So instead of shipping out our raw resources and the jobs that go with them, we are adding value to them here at home, creating thousands of jobs, and attracting billions of dollars in new investment.

Mr. Speaker, today I am pleased to announce additional measures to diversify our economy and support Alberta business – particularly small business.

New Tax Credits

First, I am announcing today that the province is establishing two new tax credits.

The new *Alberta Investor Tax Credit* provides an incentive to invest in eligible small- and medium-sized enterprises.

And the *Capital Investment Tax Credit* provides an incentive for the first-time acquisition of new or used property in value-added agriculture, tourism infrastructure, culture, manufacturing and processing industries.

These two new tax credits – valued at \$165 million – will help give Alberta's entrepreneurs access to the capital they need to drive innovation, diversify our economy and create new jobs.

Mr. Speaker, I want to acknowledge the business community and others for their diligent advocacy for tax credits such as these to promote early-stage capital investment and make Alberta's economy even more competitive.

Their advice and collaboration was invaluable. I am grateful for their input.

Growing and Attracting New Business

Second, I am pleased to announce a package of initiatives aimed at growing and attracting new businesses and creating new jobs.

For example, \$10 million in new funding is allocated to the *Entrepreneurship Incubator Program*, which helps entrepreneurs bring their ideas to market.

Twenty-five million dollars is provided to the Alberta Enterprise Corporation to spur innovation and job growth in Alberta's knowledge economy. The new funding is in addition to the \$50-million commitment made last year and will help the AEC build on its success in leveraging new investments to cultivate homegrown innovation across the province.

Ten million dollars is earmarked to expand the *Agrivalue Processing Business Incubator Program*. This incubator in Leduc is having tremendous success creating new companies in Alberta's food industry. With these new resources, it will do even better creating new companies and new jobs.

There will be \$5 million in additional funding for potential investors to help Alberta attract major new headquarters to the province.

And finally, \$10 million is set aside for the *Regional Economic Development Program*, to encourage co-operation within regions to promote a wide range of industries, from tourism through to value-added processing.

Mr. Speaker, taken together, these job creation initiatives reflect our government's central commitment to Albertans: in tough economic times, we've got your back.

Faced with similar circumstances in the past, Alberta governments chose to do nothing except to impose reckless and extreme cuts to public services in a race to the bottom.

The impacts were severe. They were long-lasting. And they didn't succeed in creating jobs or diversifying our economy.

This government won't choose that path. This government is moving Alberta forward.

Small Business Tax Cut

Finally, Mr. Speaker, I want to take a moment to talk about small business.

Owning and operating a small business takes enormous grit and determination, with long hours and many late nights.

Over my years at Calgary City Hall and now as Minister of Finance, I have spoken to thousands of job creators, innovators and entrepreneurs.

And like the Premier and everyone in this Legislature, I have tremendous admiration for the work they do and the contribution they make to this province, day in and day out.

When oil prices collapse, I know that small business people are some of the first to feel its effects. I know how hard they struggle to keep their businesses open.

Therefore, to help small business people in Alberta, today I am announcing that the small business tax is being cut by one third, from three to two per cent – among the lowest in the country.

It is the right thing to do to help our job creators weather this storm, and the right thing to do for jobs and our economy.

CONCLUSION

Mr. Speaker, let me conclude by remarking on the great Alberta story.

Over many generations, beginning with Alberta's Indigenous peoples, we have built one of the world's great societies.

From the Great War to the Great Depression, through fire and flood, in times of prosperity and peace, our strength has always been our people.

And we have always stuck together as one community, joined by a common destiny.

Today the Alberta family is younger, more diverse, more talented, and more ambitious than ever before.

We are truly blessed. And we can never forget that.

But it's also true that the collapse in oil prices is a threat to our collective future.

Owing to years of inaction by previous governments, we are far too dependent on the price of one commodity.

In the past when oil prices fell, the cost of that inaction was downloaded onto hard-working families through short-sighted cuts.

Albertans paid in longer hospital wait times, overcrowded classrooms, longer commutes, higher fees and lost opportunity.

Some say we should repeat those mistakes.

We say no.

Our government won't turn the clock back on Albertans.

With the *Alberta Jobs Plan*, we are moving Alberta forward.

- Our plan creates jobs and diversifies our economy.
- Our plan maintains stability for the important public services that support Albertans and their communities.
- Our plan supports families with new child tax credits and skills training to support good jobs.
- Our plan invests in new schools, hospitals and transportation infrastructure to create jobs and build our province.
- Our plan diversifies our energy industry and we work to open up new markets.
- And our plan supports Alberta business with new tax credits and a cut to small business taxes to grow our small business sector and support our innovators, entrepreneurs and job creators.

Mr. Speaker, there will be more difficult days ahead.

The global economy remains volatile and uncertain.

But as Premier Notley said, "Albertans are resilient. We've always shown that when we're faced with challenges, we come together with optimism and determination."

Today, we are called upon once again to meet the challenges of our time, head on. We are called upon to move Alberta forward.

And we are, as one province, as one people, united in our determination to build a more prosperous economy and a brighter future for every Albertan.

Thank you.

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