

TELE-FACTS

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Alberta's Financial Position

AN ADDRESS BY
HON. A. O. AALBORG
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Honorable A. O. Aalborg:

Good Evening, Ladies and Gentlemen.

At the close of his "Tele-Facts" program last week, Premier Manning told you that I would appear this week to bring you a report regarding the financial position of the Government of Alberta. I welcome the opportunity to discuss this matter with you.

Let me begin by pointing out what is already a well-known fact among the people of the Province, and it is this — that after thirty years in office the present Government enjoys a financial position which is better and healthier than the financial position of any other Provincial Government in Canada. Our direct debt has dropped to about \$15,000,000 or about \$10.00 per capita, while our reserve of surplus funds has grown to nearly \$550,000,000 or about \$360.00 per capita as at September 30th last. Our Provincial rates of taxation are the lowest in the country and our expenditures the highest. This position is very different from that of most Provinces which have huge debenture debts with more taxes, and higher taxes than in Alberta, but which still spend less on social services and public works than is the case in our Province.

While these facts are quite well known to the people of Alberta, you have no doubt heard the Government criticized for building up the large reserves of surplus funds which I have mentioned, and because you will probably hear more of this sort of criticism, I would like to give you some information and explanation about these surplus funds, and to tell you why the Government thinks it has been good business to build up these reserves.

May I first make clear that the financial reserves of your Alberta Government are not sitting idle. Over the years the whole amount of \$550,000,000 has been put to very good use. Over \$200,000,000 is presently invested in long term bonds and debentures; about \$175,000,000 is invested in short term securities at an interest rate averaging about 5%; and the balance of nearly another \$175,000,000 has been invested in the Alberta Government Telephones and in various Revolving Funds which provide low interest loans such as the Municipal Loans Fund, the Rural Electrification Fund, the Farm Purchase Fund and the Rural Telephones Fund. All of these Funds have been of great assistance to the people of both the urban and the rural areas of the Province in financing such modern conveniences as water and sewer facilities in Towns and Villages, electrification and better telephone systems in the rural areas, as well as helping farmers to expand and improve their operations. During 1965, the total interest earnings of these reserve funds will amount to over \$18,000,000. It is a little difficult to realize that these interest earnings are \$2,000,000 more than the total Provincial Budget of \$16,000,000 in 1936—the first Budget of the present Government thirty years ago.

May I also emphasize that the present reserves are not the result of holding back on necessary spending by various Departments of the Government for such important matters as health, education, welfare, roads and public buildings. On the contrary, Premier Manning's Government has always been one of the biggest spenders for all of these purposes, and has in fact had a consistent record of spending more per capita than any other Provincial Government. In 1936, as I have already mentioned, Alberta's Budget was about

\$16,000,000. In 1945 it had risen to \$28,000,000. Ten years later, in 1955, it was \$222,000,000, and this year it is \$494,000,000, or about \$350.00 for every man, woman and child in the Province, which is many dollars more per capita than is being spent by the Government of any other Province. In view of these facts, it can hardly be argued that the reserves are the result of any tightwad spending practices on the part of the Government.

Nor have the present financial reserves of the Government been built up at the expense of, and to the disadvantage of the municipalities as is sometimes claimed. Nowhere in Canada do municipal councils, School Boards and Hospital Boards receive financial assistance from the Government of their Province on a more generous scale than in Alberta. While you may hear complaints from time to time about the amount of assistance which municipalities and school boards receive from the Province, you may be quite sure that, in this respect, these municipalities and school boards would not trade places with their counterparts in other Provinces. For example, do you think that when it comes to assistance from the Province, that Edmonton or Calgary would trade places with Winnipeg, Saskatoon, Toronto or Halifax? Of course they would not. Furthermore, as Premier Manning announced last month on this "Tele-Facts" program, the Government proposes to spend \$50,000,000 more in 1966 to assist municipalities and their taxpayers through additional grants for schools and roads as well as a home owners' tax discount up to \$50.00 per home owner without the need for any form of Provincial taxation such as a sales tax which is already being used in all other provinces except Alberta and Manitoba. These further increases

to be made next year would not be possible without the substantial reserves which the Province has built up over the years.

The reserve funds, which I have been discussing, have been made possible by the very large and growing revenues obtained by the Government from the rapid and orderly development of the vast natural resources of the Province during the past twenty years.

As you know, it has been a long-standing policy of Premier Manning's Government to encourage development of the petroleum and natural gas resources of the Province by private enterprise and industry; and to secure from that development the greatest possible benefit for all the people of Alberta.

In 1948, the Province realized only \$6,500,000 from development of oil and gas. By 1958, revenue from royalties, rentals and the sale of leases had reached \$109,000,000. During the last fiscal year 1964/65, natural resources revenues had soared to \$225,000,000 and equalled a record of 46% of all revenues collected during the year and were by far the largest factor in producing a surplus of \$79,000,000 for the year .

Since 1948, the total of all natural resource revenues collected by your Provincial Government has reached nearly \$1,700,000,000. Surely, under these circumstances, it makes good sense, when the economy is buoyant, to put aside a portion of these revenues for a rainy day and to ensure that new programs such as recently announced by the Premier can be financed without any new forms of taxation or borrowing.

While the Provincial Budget has increased steadily and rapidly since 1935, the Government

is fully aware that all indications point to even sharper increases during the years ahead.

Forecasts of expenditures for the various services and building programs provided by the various Departments show that the Alberta Budget will reach \$1,000,000,000 by the early 1970's. In other words, we can expect our present annual Budget to double within the next 5 or 6 years. This situation calls for very careful and skillful planning to ensure that maximum value is obtained for every dollar spent and that a high degree of efficiency will prevail.

In our work as a Government from day to day, the Premier and his Ministers spend all of their time and efforts in dealing with problems that are presently before the Government, and in preparing plans and programs to meet the future needs of the people of Alberta. No time is wasted in reviewing the past. Alberta is a young and dynamic Province with a tremendous potential for further growth and development. We are determined as a Government to move forward confidently to claim the great future in store for Alberta.

One of the practical steps in planning for the future has been to build up an ample reserve of surplus funds which may be drawn upon from time to time and thus avoid or reduce the need for new taxes or borrowing to finance the heavy increases in expenditure which lie ahead.

The figures which I have been using during my talk this evening are taken from the Public Accounts of the Province which are issued each year by the Provincial Auditor.

As you know, the books of municipalities and school boards are checked by auditors who report

their findings in annual statements to the rate-payers. In much the same way the books and records of the Provincial Government are continuously checked by an Auditor appointed by the Legislature. Last month the Provincial Auditor, Mr. C. K. Huckvale, issued the Public Accounts for the last fiscal year of the Province — April 1st, 1964, to March 31st, 1965. These Accounts, known as "the big blue book" cover 333 pages and disclose in full detail all of the financial operations of the Government for the year. These accounts are, of course, public information, and are open to scrutiny by any citizen who is interested. They will be tabled at the 1966 Session of the Legislative Assembly, and will be studied by the Members of the Assembly at meetings of the Public Accounts Committee next March.

The Provincial Auditor also issues a much briefer Annual Report, about 12 pages in length, which sums up the financial position of the Province for the year. Perhaps you would like to have a copy of this Report — and if so, please write to Provincial Treasurer, Room 305, Legislative Building, Edmonton, and I will be glad to send you one by return mail.