

Calgary Construction Association
March 5, 2012
Deerfoot Inn and Casino
Honourable Jeff Johnson
Minister of Infrastructure
Check against delivery

Introduction

Thank you for that introduction, Jim.

And before I start I would like to congratulate Serena on your swearing in this afternoon.

Not only for becoming the new President...but on becoming the first female President in the Calgary Construction Association's history.

Thank you for inviting me to be part of today's event.

I am pleased to be here to bring greetings on behalf of Premier Alison Redford and the Alberta government.

And congratulations to the Calgary Construction Association on its 67th annual general meeting.

The Association has certainly had a long and impressive history.

Alberta Infrastructure and the Association work very successfully through a number of committees and forums.

We appreciate your partnership with us in moving forward, as we design and construct successful buildings in Calgary and throughout the province.

Even though you are a Calgary-based association, it's no secret your contributions reach far beyond, creating lasting benefits for all Albertans.

Government's vision and direction

As I said, I'm honoured to have this opportunity to speak with you today, with a lot going on in the Legislature ... especially these past few weeks.

With a new budget, and a new Premier, I'm sure you want some certainty about where we are going as a government.

Our new Premier, Alison Redford, has been in office for just under five months now.

In that time, she has laid out a bold vision for our government and where we want to go.

Overview of what's to come

Let me tell you a little bit about her.

Like many here, I see her as a builder because she is very forward thinking.

Because you can't be in construction if you are short sighted.

You need to be forward thinking because you are not just building for today, but really we're building the Alberta of tomorrow.

And as you know Premier Redford has quite an impressive résumé and global experience.

Premier Redford's approach is best summed up in a line from the Throne Speech:

“Today's short-sighted decisions are tomorrow's long-term problems.”

This is Premier Redford's focus at all times ... making decisions today that will position Alberta to realize its full potential on the global stage.

This is the same focus previous successful leaders in Alberta had.

Over forty years ago, our province set out on a new path under the leadership of a bold new government that saw the need for sweeping change to bring in a new era of prosperity and progress for Alberta.

Premier Loughheed and his government made decisions with their sights set on positioning Alberta for the success that we enjoy today.

Look what we are reaping today from the decisions made 40 years ago.

Everywhere we look there are countless examples of how we're benefitting today from the long-term vision of previous generations.

[Examples: Deerfoot Trail, Fish Creek Provincial Park, Stoney Trail Ring Road, Transcanada, Cenovus, Encanna, Oil sands HTF]

Our challenge is to make decisions today with that same perspective.

As an industry you appreciate the time it takes between identifying a vision and issues and then actually delivering on a project.

We know that the decisions we make today will continue to have an impact 30 years down the road.

Nowhere is this more true than in infrastructure planning

But today, there are fresh challenges and new opportunities on the horizon for our province.

Under Premier Redford, our government will not miss these opportunities.

We will take bold steps to secure Alberta's economic future with smart spending and by improving our competitiveness in global markets.

We have strong economic growth and are quickly heading toward balanced budgets.

It all begins with the root of success: sound finances.

And let's be clear on this. Budget 2012 does not have any new taxes, nor are we as a government looking at new taxes.

Unlike others who rely on fear mongering and trot out the boogeyman of on this issue, we recognize that our success as a Province is directly related to having the most progressive tax regime in Canada.

Our Premier's long-term vision was outlined very clearly in the recent throne speech and budget.

It's a vision that includes:

Continued investment in priority areas like health care, education, and caring for vulnerable people.

A solid fiscal footing: a responsible and orderly plan for eliminating the deficit – down from a projected \$3.5 billion to \$1.3 billion this year, \$886 million in 2012-13 and then surpluses after that.

Now, no one wants to run a deficit, but let's keep it in perspective:

The federal government has just announced that its balanced budget target has been pushed out a couple of years ... and another \$100 billion will be added to the federal debt before the budget is balanced.

Ontario is hoping to balance its budget until 2017-18, and will add another \$50 billion to its debt until then.

Combine the debt of Ottawa, Ontario and Quebec and the total exceeds \$1 trillion.

A big difference is that here in Alberta, we are covering our deficits with cash in bank –not by adding any debt.

Albertans continue to have the lowest overall personal, corporate and small business tax burden in the country with the lowest fuel tax, no payroll tax and of course no sales tax.

If Alberta were to adopt the tax regimes of our neighbouring provinces of British Columbia or Saskatchewan, collectively we would be paying almost \$11 billion more annually in taxes ... and \$20 billion more in Quebec.

A focus on outcomes: we need to make sure that our programs are delivering those outcomes, in the most effective and efficient way possible.

The starting point for any budget discussion in government has always been on what government was currently doing.

The only questions asked are about how much more money is needed to keep doing the same job.

This ignores the responsibility we have, as government, to use Albertans' tax dollars as carefully and responsibly as they do.

And that's why our Premier has announced that we will be introducing results-based budgeting going forward.

Budget 2012 also includes continued investment in infrastructure: nearly 40% more per capita than the provincial average.

As the Minister of Infrastructure, there are things I watch for very closely.

And this Premier's budget is good news.

Where else in the world would you rather be involved in Infrastructure ... or in construction ... than right here in Alberta?

I think Finance Minister Liepert and Treasury Board President Doug Horner did a great job of holding roundtable sessions with Albertans leading up to this budget.

I sat in on some of those sessions. And the message we heard loud and clear was...

We need to continue to invest ...don't panic to balance the budget in one year... and that the greatest cost is lost opportunity.

Cutting capital projects out of the budget doesn't eliminate costs – it just defers those costs to future generations.

It's short-sighted and leaves a liability for our children.

So, we're not cutting projects, we're moving forward with the many projects we have already committed to across our province, at various stages of tendering, design, and construction.

In Calgary alone, there is ...

The South Calgary Health Campus, Phase I to be completed by fall 2012.

The Foothills Medical Centre upgrade, to be completed by summer 2014

The Calgary cancer strategy, Phase 1 to be completed by 2015

These are just some of the current projects in the Calgary area.

Our government is not slowing down its construction activity.

There are **28** health capital projects worth over **\$4 billion** underway across Alberta.

And **\$1 billion** being invested into **88** different school projects to create over 24,000 new student spaces.

These are only government-funded projects, which are a fraction of the overall capital investment happening in Alberta.

December figures indicate that Alberta has 920 major projects (worth more than \$5 million) on the go or recently completed...over \$208 billion worth!

Alberta's position

The simple fact is, these projects are crucial for our growing province.

And our province is growing.

Just look at some of the stats:

In the past 20 years, our province has led all provinces in average annual economic growth.

Alberta posted the highest job growth in the country in 2011, creating 80,000 new jobs, and accounting for about half of all new jobs created in Canada.

And while employers in other jurisdictions are contemplating layoffs and downsizing, businesses in Alberta are beginning to worry about the availability of skilled workers and potential labour shortages.

Alberta will continue to outpace the rest of the country in economic and employment growth for the next two years.

three per cent expected this year

and 3.1 per cent in 2013

A good portion of investment is going into the oil sands, but it's also going into many other industries like forestry, medicine, research and development and agriculture.

In 2010, per capita investment in Alberta was nearly twice the national average (almost \$19,000, compared to \$9,900).

This amount of investment is unprecedented, and says a lot about the strength of Alberta's economy and investors' confidence in our province's future.

And today, Alberta has the highest GDP per capita not just in Canada, but in all of North America.

But what's even more remarkable: We all know Alberta hasn't reached its full potential yet.

And as everyone in this room knows, a significant amount of Alberta's economic strength is flowing from the north and the incredible development happening in the oil sands regions.

That's why I am very pleased to have the Oil Sands Sustainable Development Secretariat under my ministry and there is lots of good forward planning infrastructure going on there.

[Examples: TCC CRISP]

In the past 12 years, more than **\$90 billion** has been invested in the oil sands.

Over the next 25 years, Alberta's oil sands are predicted to require more than 450,000 jobs ... not just in Alberta but across Canada.

It's abundantly clear that Alberta is the place to be.

Survey after survey shows that Albertans are among the most optimistic in the country about the future of their province.

As a government, we agree.

And that's why we need to stay ahead of the curve by investing in infrastructure today ... so our province is ready for the future that lies just around the corner.

Benefits of Capital Investments

Not everyone agrees that our government should be investing so much in infrastructure.

Some say we should be spending much less ... billions of dollars less.

But it's interesting that they don't say which communities should go without new schools, municipal funding, medical facilities, roads, or water lines.

We believe these projects are crucial for the quality of life of families and their loved ones.

We are confident in the benefits of our capital investments, both today and well into the future.

In 2008, when the global recession hit, we didn't cut. And we aren't cutting now.

Yes, we are going to run a small deficit – but not on the operations side.

This was so we could continue strategic investing in capital.

We see this as the right strategic time to invest.

The first benefit is that it keeps people employed.

Since 2008, over 70,000 Albertans have kept working because our government has continued to invest in new roads, schools, and hospitals across the province.

I know for the construction industry, this is crucial.

The second benefit of our capital investments is the value for taxpayers.

By continuing to invest in infrastructure through the global recession, we've made good use of tax dollars.

In the past four years, we've seen construction bids coming in much lower than prior to the 2008 recession, so we've been getting tremendous value for our capital dollars.

The third benefit of our continued capital investments is that we're helping keep skilled workers in the province, giving industry the capacity it needs.

Much-needed labour has remained here at home, rather than leaving the province for construction jobs elsewhere.

These workers will be vital in the years ahead as our province's economy continues to grow.

In fact, we're already hearing from industries like yours that the need for skilled workers is fast becoming their top priority.

And it's our priority too...

The fourth benefit of our capital investments is that they help give us a strong economic foundation for Alberta businesses and entrepreneurs to attract employees.

Imagine the pain we would be in if we had cut capital to levels of our neighbouring provinces over the last four years?

But one of the questions now is how do we continue to invest in Alberta' future?

Because we can't continue to pay cash for everything we do – and should we (?) – very few business' or families do.

With demand increasing as more people move to Alberta.

When the cost of financing is so low, where industry partners are available, and when the economic potential is limitless ... how does government facilitate that?

We have a solid track record of planning and delivering projects in new and innovative ways, in partnership with industry.

P3s are one good example.

We need to continue to be innovative, and I welcome your ideas and suggestions on how we can continue to be innovative and creative in how we finance, plan, and deliver infrastructure projects.

Our government understands that first-rate infrastructure is critical to maintaining a high quality of life...

The kind of life that attracts and retains businesses, workers and families in our communities.

That's infrastructure that reflects the needs of our Province.

It's not an end, but a means.

To me, the significance of an infrastructure project is so much more than the bricks and mortar, and the dollars invested.

It's in what the facility will do for people and their communities and their businesses.

So when I tell you that our government is investing over \$16.5 billion over the next three years in capital projects, this means so much more than just the money.

And when I tell you that our government is investing far more than nearly every other province, this means so much more than just an interprovincial comparison.

They are capital projects that we need to provide Albertans the quality of life they need and deserve.

Conclusion

Ultimately, our government's capital investments are reflections of our values and priorities.

Our government's focus on infrastructure is a reflection of our Premier's focus on strong economic foundations and her focus on people.

This is a long-term focus, not a focus on what's expedient today.

Because again history has shown us that short-sighted focus can result in long-term problems.

I'm grateful previous generations of Albertans had vision – including my great-grandfather who came here in 1901.

We see it all around us, each and every day.

They didn't just build for the present.

They built in anticipation of what was to come and to prepare a future.

Our province had the foresight to invest in major projects and initiatives that would carry Alberta decades into the future.

Our challenge today is to build on the foundation they left for us.

We need to make sure we invest today with vision and innovation and wisdom ... so that our children and grand-children will look back at us and thank us for the decisions we made today ... that benefit them well into the future.

And the measure of our success won't be known for decades.

And that measure is not just the bottom line on this year's budget, but what kind of opportunities we are providing our children and grandchildren.

Alberta is quickly becoming known around the world for being an excellent place to invest and build a business...to build a family.

The construction industry in Calgary and throughout the province is doing so much more than construction.

You are helping build our province's quality of life.

And our future.

For that, I want to thank you on behalf of Premier Redford.

Your work is very much appreciated by our government and by all Albertans.

I know we are all working hard to leave this city and this province better than we found it, and I'm honoured to be working with you to that end.