

# **Summary of** Budget Consultations

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**Winter 2017**

*Alberta* 



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## Executive summary

Premier Rachel Notley and Minister of Finance Joe Ceci met and spoke with Albertans across the province to gather ideas, seek feedback, and discuss important issues leading up to the release of Budget 2017.

The Finance Minister, along with other Cabinet ministers, held roundtable discussions with representatives from the non-profit, health care, post-secondary, labour, energy, social services, business and education sectors from November 2016 to January 2017. The meetings focused on the priorities of these groups and ways government could reduce operational costs without harming front-line services.

Top economic experts from Canada's financial industry met with the Finance Minister on December 7. The chief economists of major Canadian banks and financial institutions provided forecasts on Alberta's economic recovery and projections for oil prices in 2017.

Albertans were invited to share their budget feedback online from January 9 to February 3, 2017. An online portal gave Albertans the opportunity to express their priorities and thoughts on Budget 2017.

The Finance Minister also toured Alberta and held meetings with community leaders and Albertans. He made nine stops around the province to gather input into the upcoming budget.

On January 30 and 31, 2017, two telephone town halls were held. Thousands of Albertans were called and had an opportunity to speak with the Premier and Finance Minister directly. The calls were split geographically into northern and southern Alberta and were approximately 90 minutes in length.

## Roundtable meetings

### Ministry consultations

Stakeholders from the Ministries of Health, Seniors and Housing, Advanced Education, Culture and Tourism, Energy, Human Services, Labour and Education met with their respective ministers and the Finance Minister to discuss matters of mutual interest for the upcoming budget. The series of meetings were held at McDougall Centre in Calgary and the Edmonton Federal Building in Edmonton. Each meeting was two hours long and each organization represented had an opportunity to present its priorities for consideration.

### Chief economists meeting

The Finance Minister met with private sector chief economists from across the country on December 7, 2016, alongside Alberta's Chief Economist, and other key Treasury Board and Finance officials. Topics discussed included Alberta's economic forecast, the 2017 oil forecast and risks facing the Alberta economy. The Minister and economists held a media availability immediately following the meeting.

## Online consultations

The Minister of Finance invited Albertans to submit feedback through an open-ended form at [budget.alberta.ca](http://budget.alberta.ca). Online submissions were collected from January 9 to February 3, 2017.

Treasury Board and Finance received approximately:

- 4,300 individual online submissions
- 125 emails (including both personal and business submissions); and
- 50 written report submissions via email, fax and letter

## Summary

Online submissions and emails primarily expressed opinions on health care, education, social services, Alberta's Climate Leadership Plan, overall spending and the economy, including economic diversification. Advice from Albertans was divided for Budget 2017. Some asked that the government increase spending to better support the vulnerable during the economic downturn, while others suggested reducing spending in the public sector in order to cut overall expenses.

Many Albertans also encouraged the government to continue its support of the energy industry, and most submissions covering the same topic hoped the government would continue to take steps to diversify the economy in order to make it less oil dependent in the future.

Please see the themes outlined in this report for more comprehensive input.

## Telephone town halls

The Premier and the Finance Minister hosted two telephone town hall meetings January 30 and 31. Publicly-listed phone numbers not on the National Do Not Call list were dialled. Cell phone users had the option of signing up online for a call and Albertans could listen online and submit questions as part of the live audio stream.

More than 80,000 Albertans joined the Premier and the Minister during the course of the two meetings.

## Economy

Albertans expressed concerns about unemployment rates, oil prices and maintaining the “Alberta advantage.” Many support increased economic diversification and the efforts government has been making on that front.

### Diversification

Many respondents encouraged the government to continue with economic diversification initiatives.

- “Support diversification to new energy resources through research and supporting businesses that bring these ideas into Alberta.”
- “It is also important that the provincial government maintain the course on climate change and the diversification of our province’s economy. Supports to municipal governments to help reduce public transit costs would be a solid and practical measure.”
- “It is critical that the budget continue to include money for programs that will benefit our energy sector including the petrochemical sector and further diversification of that market.”
- “Continue through policy to move the Alberta economy towards greater diversification thereby decreasing our boom bust dependence on the fossil fuel extraction industry.”

### Minimum wage

There was mixed feedback on the government’s decision to increase minimum wage to \$15/hour by 2018. Some felt the minimum wage increase is not enough to provide a living wage while others thought the minimum wage should remain as-is.

- “I would like to see our province adopt a guaranteed minimum income. One that is supplemented by the AISH program to support those unable to work.”
- “Minimum wage should be lowered...small businesses are having a hard time paying the extra.”

### Business-friendly environment

Respondents urged the government to adopt business-friendly policies and to cut unnecessary bureaucracy where possible.

- “Businesses need to set up shop here and we need to be an attractive place for businesses to move to. Entice headquarters of companies to move to Calgary or Edmonton.”
- “Allow for better tax incentives to companies looking to start or continue doing business in Alberta.”
- “Improving the attractiveness of Alberta as a place to invest through providing a competitive business environment (decrease the costs of doing business) compared to other jurisdictions.”
- “Make progress on red tape reduction. Legislate red tape accountability with annual measurements and public reporting of the regulatory burden, constraints on regulatory burden growth (one-for-one) and clear political leadership at the cabinet level.”

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**Alternative energy**

- “We think Albertans that invest in solar power should receive incentives or tax rebates for going green.”
  - “Install solar panels and battery packs on and in large buildings across the province.”
  - “There are also other forms of alternative energy that are ignored - geothermal for example that could also use investment.”
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## Health

Health care continued to be a priority for Albertans with many respondents.

### Health infrastructure

Respondents suggested the government consider putting money into new and existing hospitals.

- “The top priority for me is healthcare: Edmonton’s healthcare infrastructure and facilities have been badly neglected and need replacement and renovations to meet modern standards. Royal Alexandra Hospital and the Misericordia are especially in need of replacement.”
- “Bring back some livelihood to small communities - not everyone can travel to large centres for health care, and these hospitals are already there, use them to their capacity.”
- “Build a hospital in significantly sized small cities, like Airdrie.

### Mental health services

Mental health funding, crisis support and preventative programs were identified as priorities by Albertans.

- “Mental Health services are desperately required as well as addiction treatment and affordable housing.”
- “I urge the Government to fund community mental health promotion with a focus on suicide prevention education as a priority in this Budget. The time to act is now. In this province, the overwhelming majority of Albertans who die by suicide do so outside of Alberta Health Services (AHS) facilities.”
- “I urge the government to fund programs and organizations that support early intervention and prevention around mental health.”
- “There is a significant need for more social workers, mental health and addiction counsellors, and dedicated programs to deal with crisis levels of addictions and family violence.”

### Finding efficiencies

Albertans suggested one way to reduce the province’s health care costs is to find efficiencies within the current system, specifically in administration.

- “Both the health care and education budgets are administration heavy. A review and cuts to those areas wouldn’t cut front line services but could save millions and at the very least ensure tax payer dollars aren’t being spent frivolously.”
- “Please put a plan in place to do a comprehensive and detailed review on how to reduce health care costs. My perception is that there are opportunities to cut costs without impact to health care services, but the government needs to take the leadership to find those ways.”
- “With approximately 40% of the budget spent on health care, this has the largest potential for savings. The focus must be efficiencies and productivity - stream lining and changing systems. Eliminate person-hours to save tax payers money. The administration, overhead and redundancy of the existing Alberta Health Services group is out of control.”

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**Health-related initiatives**

- “Bring in a child fitness benefit since the federal government scrapped theirs. Most of us are working 2 and 3 Jobs to pay bills and put our kids in sports.”
  - “Can we not provide incentives for promoting physical and mental wellbeing? Tax deductions on healthy supplements, participating in fitness programs, and mental health programs. Reward people for healthy lifestyle.”
  - “Please prioritize midwifery, education and other services that create health, rather than waiting until people are sick, and then treating them.”
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## Education

Respondents asked government to protect education funding. Comments were also received asking government to continue capping post-secondary tuitions and providing stable funding to post-secondary institutions.

### Funding

A variety of opinions were received about where government should allocate education funding. Some suggested eliminating funding to private and home schooling systems while others advocated for more funding in those areas. Some wrote in support for eliminating school fees.

- “Education/advanced education need to continue (as) priorities. If we are going to diversify our economy you need an educated population to support that transition.”
- “Give home school parents the right to a larger education amount each year. Home school parents pay the same education tax and they only see a fraction of it to use for their children’s education.”
- “Teachers and parents need more support with students’ special needs and learning disabilities.”
- “Continue to fund PUBLIC Education and infrastructure - build and modernize schools.”
- “Increased funding for private schools would help them to continue to operate in our challenging times, as many parents are struggling financially and cannot afford to supplement the lack of government funding with their tuition dollars.”
- “Increased investment into Student Financial Aid through scholarships, bursaries, and grants.”

### Apprenticeships & Skills Training

Respondents suggested more funding is necessary to help those hit hardest by the economic downturn find a good job.

- “Provide tuition expense tax rebate for individuals enrolling in courses, education, career improvement, re-training particularly those devastated by economic burdens.”
- “Invest more in skills training - need a better balance between the billions spent on universities versus tangible skills training needed by the labour market.”
- “One of the top priorities should be taking a good portion of the carbon tax and roll it into programs that offer to either subsidize education or re-training those who have been unemployed for over a year.”

### Post-secondary

There was mixed feedback on the government’s post-secondary tuition freeze, with some calling for major reductions and other calling for modest increases.

- “Post-secondary funding: current model of tuition freeze + small / no funding increases is unsustainable and reduces quality and access.”
- “The tuition freeze has been good, but a lack of funding backfill this year has put institutions in a difficult position.”
- “Do not freeze post-secondary tuition as this will never get made up in future years or future budgets.”
- “Rolling back tuition to 1992 levels and increasing by CPI for each subsequent year, and tying all future increases to CPI.”

### Infrastructure investments

Some respondents favoured continued investment in infrastructure projects such as roads, bridges and schools while others felt that the province's capital plan could be delayed to help control government expenses.

#### Infrastructure investments

There was mixed input on infrastructure investments. Some urged government to take advantage of lower labour and construction costs during the economic downturn while others disagreed with borrowing for capital projects.

- "Please consider quantifying the accumulated infrastructure deficit in the 2017 budget. This will help provide some context as to why spending needs to be greater than population growth + inflation. The infrastructure deficit is a greater burden on future generations than the financial deficit."
- "I support the government borrowing to invest in capital projects."
- "Cut spending on capital projects to zero until you have revenue to pay for it."
- "...now is the time to invest in infrastructure when building costs are lower."
- "The increased funding to infrastructure and the protection of public sector jobs and services needs to continue."
- "Allocate more funds towards new and existing provincial infrastructure. We must preserve and maintain our existing infrastructure and build new infrastructure to service a growing population and economy."
- "In spending, replacing critical infrastructure should take priority. Any non-critical spending on building should be deferred until debt is paid down."

#### Municipal infrastructure

Many municipalities asked the government for consistent Municipal Sustainability Initiative funding and to increase the province's share in major infrastructure projects.

- "In spite of the current fiscal climate, your government's investment in infrastructure has not gone unnoticed; indeed, the City of Edmonton appreciates investment commitments in a number of key projects, including the Yellowhead Trail upgrade project."
- "Budget is overly generous in municipal funding. \$6.2 billion for capital maintenance and \$4.6 billion for roads are too high. Municipal Sustainability Initiative (funding) should be reduced."
- "Infrastructure, roads, expanding bridges on Anthony Henday to alleviate traffic jams. Turn Edmonton Yellowhead into (a) freeway through the city, similar to Ottawa."
- "Funding for Calgary Green Line LRT Project and for other infrastructure projects."
- "Supporting economic growth through investments in infrastructure remains a top priority for all three orders of government and Calgarians. According to the City's 2016 Citizen Satisfaction Survey, "infrastructure, traffic and roads" remains in the top position on the 2016 issue agenda while transit continues to hold second place."

### Government spending and investments

Many Albertans suggested cuts to public service salaries, hiring restraint and cuts to public sector pensions as a way to reduce government expenses. Others disagreed and asked government to protect front-line services and to continue investing in health care, education and supports for the vulnerable.

#### Public sector wages and benefits

Respondents suggested cutting public sector wages and benefits as one way to reduce operational costs in the province. Some suggested elected officials should lead by example by taking pay cuts.

- “The provincial government employs hundreds of thousands of people, not all these people are teachers and nurses - find the inefficiencies in your workforce and eliminate them.”
- “Albertans working in the private sector have been hard hit by lower resource prices and I believe ALL Albertans should contribute to belt-tightening - including those in our public sector. This could constitute a moratorium on new hiring or hiring replacements for retirees, using the opportunity to review staffing needs/levels in the various agencies. Additionally, a 5% wage rollback combined with a change from defined benefit to defined contribution pensions for the public sector should be on the table.”
- “Reduce public sector management wages and numbers to match private sector.”
- “Structurally you need to significantly reduce government expenditures and if that means reductions in the public sector so be it.”
- “Your cuts must be across the board. Teachers. Health-care workers. Politicians. Everyone must do his or her part to bring our expenditures in line with our revenue.”

#### Government spending (general)

Albertans were divided on government spending. Some suggested no cuts to programs and services during the downturn, especially to the most vulnerable. Others suggested big cuts to bring the budget into balance.

- “Stay the course - we have weathered economic downturns as Albertans before, and will weather them again. This is not the time for new radical ideas. Invest in education infrastructure to prepare the next generations. Increase funding to help those new to Alberta to learn the skills to help build community. More money for road works would be nice.”
- “I believe it is very important not to cut any services in all areas health care, education and government services. Any cuts now will impact the economy in the next few years when the economy picks up again.”
- “Make spending cuts to balance the budget, even if that means cutting healthcare or education spending, and jobs within those sectors. Private sector jobs have been lost, people have taken pay cuts to keep jobs, and government should be no different.”

## Taxes

Many submissions focused on the impact of the carbon levy that took effect January 1. There were concerns expressed about the timing of the implementation of the carbon levy. Some small business owners called for lower taxes during the economic slowdown. Others suggested implementing a provincial sales tax to help raise revenue.

### Carbon Levy

Many respondents asked government to repeal or delay implementation of the carbon levy. A number of form-letter submissions were received online asking government to “scrap the carbon tax.” Still, there were others who wrote in support of the carbon levy and urged government to continue collecting the levy to encourage alternative energy solutions.

- “I think you should keep the carbon taxes and levies and even decrease the amount of rebates as long as the money garnered goes to alternative energy platforms and perhaps to mitigating the cost of green purchases such as LED lights, solar energy panels, and electric cars.”
- “Carbon tax has a negative impact on farmers, rural dwellers and small business in Alberta. It is an unnecessary burden on Albertans at this time.”
- “I believe that the carbon tax is not helping the middle income Albertans to live well. It is causing more hardship than it is doing any good.”

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### Income tax

Respondents asked the government to consider reducing income tax during the economic slow-down. Others gave examples how their personal incomes have been impacted due to the recent recession. Some respondents supported income tax increases to Alberta's highest earners.

- “I would also like to see larger businesses and Alberta's top earners paying their equitable share of taxes.”
- “Reduce personal income taxes - put money back into the pockets of Albertans. This will stimulate the economy when people have money to spend.”
- “Sales taxes, fees, consumption taxes are extremely regressive and lead to ever increasing social inequality. Raise income taxes if more revenue is required.”
- “Bring in a sales tax. Lower resident Albertans income tax by an amount approximately equivalent to what they would spend on the sales tax. Increase personal exemption amounts to help low income Albertans offset sales tax.”

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### Corporate and small business taxes

Some individuals asked the government to consider the impact of the carbon tax on small businesses over and above the 33 per cent reduction in small business tax that government implemented January 1.

- “Taxes should be reduced to stimulate the economy ... a 1% corporate tax reduction is not what I have in mind.”
- “Further comment on taxation, we need to reduce corporate tax rates so as to encourage corporate relocation from Ontario and elsewhere to our jurisdiction.”
- “I would like to see large corporate taxes go up (especially for those companies that are not from Alberta or Canada). I do agree in giving small Albertan businesses significant support.”
- “The overall tax burden is too high. With lowered taxes the government could actually spur higher revenues by generating more economic activity.”

### **Assured Income for the Severely Handicapped (AISH)**

AISH provides a living allowance of up to \$1,588 for individuals who don't have income or assets that are higher than the AISH program allows.

#### **Living wage**

Many respondents asked for AISH to be increased to keep pace with inflation. Many cited the increased cost of living as a major pressure facing AISH recipients.

- "AISH needs an increase, to at least full time minimum wage equivalent. We can do better for our most vulnerable."
- "Please consider increasing AISH income. It's been the same since 2012 and it's almost impossible to deny cost of living has increased in those 5 years."
- "Is the Government looking at "indexing" the AISH Allowance for individuals with disabilities? Suggest this be a high priority. With rising costs in the economy and the living environment of people with permanent disabilities of which many are not capable or can find employment, they are falling further behind in being able to live healthily and safely in their community."