



Alberta Party Caucus

Shadow Budget 2018



Introduction to the Alberta Party Shadow Budget

The **Alberta Party Caucus** prepared this budget using the most current figures released with the Government of Alberta's 2017-2018 third quarter fiscal update. Our caucus doesn't have access to the same level of information the government possesses, nor do we have the resources to replicate the budget process in full.

Our revenue and growth projections are more cautious than the government assumptions, especially with regard to non-renewable resource revenues. We also assume the Alberta Government will hold the federal government to account for its financial commitments set out in its 2018 Budget to strengthen Indigenous communities, infrastructure, and mental health. We are also anticipating increased sin taxes and associated revenue.

Except where noted, expense projections are based on the most current government numbers. Expenses for front-line ministries increase with population growth only, excluding inflation. This is to ensure government departments are compelled to find reasonable efficiencies without impacting front-line services

The Alberta Party Caucus knows we must take action to curb emissions, but we also need to make sure any plan to address climate change works for Albertans. We believe in the basic principle of a carbon tax, but people shouldn't be punished for heating their homes, farms or businesses, and non-profits and schools should also be exempted.

We have developed our priorities with the expectation to balance the budget by the 2022/23 fiscal year. The goal of this budget is to show that an Alberta Party government would restrain expenditure growth and examine our revenues to achieve balance, without devastating frontline services and despite current economic challenges. While we are highlighting a select few measures specifically, a full accounting of expenses and revenues can be found at the back of the budget.

Our caucus has seen positive changes over the past year, with the addition of two new caucus members. Our presence in the legislature has grown, and with that increased presence comes additional opportunities to challenge the government's ideas and, more importantly, offer better alternatives. One thing that hasn't changed in the past year is our commitment to deliver thoughtful, common sense policy solutions. One way that we honour that commitment has been producing this shadow budget, our third in as many years.



The Alberta Party Caucus is proud of the fact that our disagreements with the government are driven by evidence-based policy decisions. We are equally as proud that those disagreements are focused on differences in policy and not by partisan attacks. That is why we believe it is so important to publish a shadow budget, to give Albertans an idea of what we would accomplish as a government. Alberta Party supporters in this province can be assured that their support is based on ideas, not blind loyalty.

This is not to say that this budget will please everyone. While the temptation of a shadow budget is to promise everything to everyone, we believe in practicing how we would play. While we have identified areas where we would make greater investments, we have also held funding flat or made slight reductions to some ministries. We show a path to balance that focuses on restraint and doesn't mean cuts to frontline services. The spending restraint that we outline in this document will mean less money spent on debt servicing and less dependence on volatile resource revenue. Support for technological and social innovation will deliver both short term and long term benefits. In short, this budget is a plan to position Alberta for the future.

We hope this document shows Albertans where we stand, and sparks a more thoughtful discussion of this provinces plan for the future. The Alberta Party Caucus has a vision for a decisive, pragmatic, and centrist approach to government, and we feel this document reflects that. We look forward to sharing our vision with you.

– Your Alberta Party Caucus

A stylized, handwritten signature in black ink.

Rick Fraser, MLA
Calgary-South East

A stylized, handwritten signature in black ink.

Karen McPherson, MLA
Calgary-Mackay-Nose Hill

A stylized, handwritten signature in black ink.

Greg Clark, MLA
Calgary-Elbow

Supporting Social Innovation

The way that Alberta currently delivers social programs hurts our economy and fails the people that need those services most.

We need to start planning social investments holistically and inclusively recognizing that many priorities and concerns are interconnected. With that in mind, our budget proposes certain actions and targeted investments.

Non-profits rely on multiple disconnected government agencies and funding programs with competing priorities. We would begin working on a comprehensive plan for non-profits that recognizes and sustains the vital services they provide to our health and human services sectors, and improves government responsiveness to emerging priorities.



Seniors housing and affordable housing are priorities for the Alberta Party Caucus. Albertans who lack housing security are unable to participate in the economy or civil society, and that is unacceptable and unsustainable. The Alberta Party Caucus is absolutely committed to ending homelessness in our province.

AISH funding needs to be reformed to allow members of the PDD community more flexibility to lead fulfilling lives. This includes reasonable changes to not drastically clawing back AISH payments from people who want to work. We also believe that payments should be indexed to inflation, and would consider making increases retroactive to 2012.

We need to be better partners with First Nations in delivering services in both urban and remote settings. While the federal government has jurisdiction over many issues and needs to live up to their responsibilities, we cannot afford to wait to fully implement Jordan's Principle.

Working with Rural Alberta

Your Alberta Party Caucus believes our rural communities must continue to be vibrant and sustainable as part of a 21st century economy. Realizing a strong future for our rural communities requires partnership in planning that future.

We need to direct more funding and supports towards rural policing to make sure that all Albertans feel safe and secure in their homes and communities, no matter where they live.

As part of our innovation strategy, we will focus on investing in rural broadband internet access and cellular coverage to improve access to economic opportunities.

Albertans should be able to access quality public education in our rural areas, without children having to travel hours to and from school.

Physical, mental, and social health supports in our remote communities need to be as accessible as in our urban communities.



Addressing Healthcare

Costs

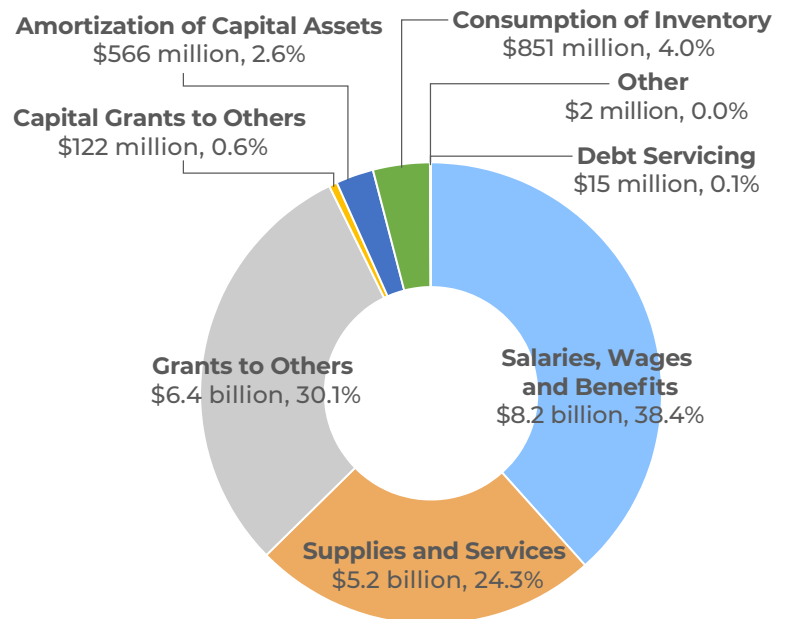
Alberta spends nearly half of the provincial budget on healthcare. Without addressing the continuing increases in healthcare costs, we will never achieve fiscal sustainability. Alberta Health has consistently exceeded its annual budget by hundreds of millions of dollars per year since 2013, showing a poor ability to plan.

While maintaining the current level of service delivery and care that Albertans expect, we must take steps to make our healthcare more accessible, more responsive, and more efficient.

The AHS will be instructed to conduct a review of all unfilled positions within its management structure. If a position is unfilled for longer than one year, that position will be eliminated and removed from the budget.

Create a wellness strategy focused on mental health, long term care and chronic conditions like dementia that will help keep people healthier, and allow them to live fulfilling lives in community for as long as possible.

Ministry of Health 2017-18 Expenses by type



Source: Government of Alberta Fiscal Plan 2017-2018



We will develop practices that allow trained and licensed healthcare professionals, such as EMS or nurse practitioners, more discretion in directing medical care. We will ask our medical professionals to help us ensure that Albertans receive appropriate types and levels of care, and free up space in emergency rooms.

We will deliver cost savings by reforming EMS dispatch and practices so that paramedics are able to spend more time in our communities and less time in the hospital.

We will conduct a review to ensure that duplication and redundancies between AHS and Alberta Health are eliminated.

We will empower front-line healthcare professionals to advocate for innovative changes that will enhance service delivery, improve patient outcomes and reduce costs.

We will review and identify real estate owned by AHS that is underutilized, and look at divesting properties and leases where there is no plan to use them again.

There is too much institutional resistance to change at AHS. We need to reform AHS culture so they are more receptive to innovation in service delivery.

Too many patients are being treated in acute care facilities when they would be better served by transitioning to more appropriate care. We need to create more long-term care beds, more options for rehabilitation, and more flexibility to receive treatment at home.

Health Ministry 2017-18 Spending

(\$ millions)

Operating	19,866
Capital Amortization	566
Inventory Consumption	851
Capital Grants	122
Total	21,405
Capital Investment	1,010
Total with Capital Investment	22,415

Source: Government of Alberta Fiscal Plan 2017-2018



Teaching the Next Generation

The Alberta Party Caucus would increase funding for K-12 education.

If we want to make Alberta successful and prosperous going forward, we must be prepared to invest more than we currently do in education. We need to reduce class sizes, support teachers with the resources they need, and continue to keep up with population growth.

Additional funding will also allow us to implement programs in schools that promote physical and mental well-being. Properly implemented, this will lay the foundation of a long-term provincial wellness plan. We must make sure that wellness is a priority for our students, not just academic achievement.

We also need to look at how we design and build school infrastructure. We would invest money to ensure that we are constructing forward-looking educational facilities that will continue to serve the community and lifelong learners beyond the current typical school life-cycle.

Making Climate Leadership work for Albertans

Our caucus firmly believes that climate change is real and that it is generated by human activity.

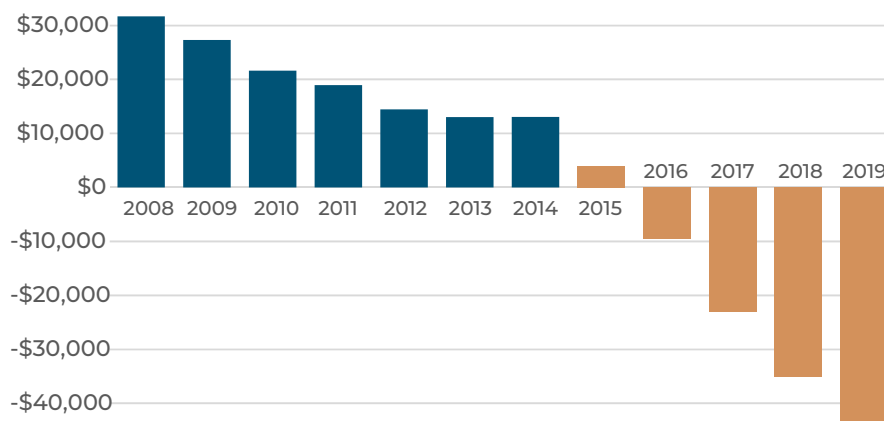
We also know that we must take action as a government to help curb emissions. However, we do need to make sure that any plan to address climate change works for regular Albertans.

Our caucus believes that allowing revenue from the carbon tax to go into General Revenues encourages the government to simply treat it as another source of revenue. We would direct that carbon tax revenue that is not rebated to Albertans be directly applied to the provincial debt.

People shouldn't be punished for heating their homes, farms, or businesses. We would direct that heating costs be exempted from the carbon tax.

We would look into developing and implementing a coal innovation strategy. Finding ways to use this abundant resource other than heating will allow us to support coal-oriented communities with new jobs and opportunities. During development of this strategy, we would consider extending the deadline for mandated coal plant shutdowns to the 2030 federal target.

Alberta's Net Financial Assets / Debt



Source: Government of Alberta Fiscal Plan 2017-2018



Supporting Alberta's Innovators

Alberta has made great progress in diversifying our economy, but we are still vulnerable to fluctuations in the price of oil.

We must take steps to reduce market access barriers that are creating a price differential, but the long-term solution is to transform our economy so we can succeed no matter the price of oil. This won't happen overnight, but we can start by laying the groundwork now.

Preparing for a Changing Economy

Education is one of the main drivers of innovation. Albertans need to be prepared with the skills that will help them adapt to a changing job market.

Innovative companies need access to a highly skilled and educated workforce in order to succeed. The key to meeting both of those needs lies in our post-secondary institutions. There are a number of ways that advanced education can evolve to meet the increasingly diverse demands of our economy.

Expanded options in distance learning and continuing education will make post-secondary learning more accessible.

Post-secondary institutions should be examining how to diversify their income. We remain committed to funding post-secondary institutions in Alberta, but varied sources of revenue will allow for more flexibility in long-term planning.

We need to be doing more to ensure that financial concerns are not a barrier to entry. We all benefit when Albertans are able to fully develop their talents whether at university, college, or one of Alberta's world-class technical schools. Students should be confident that if they have the grades, they have the choice.

While we do not believe that the current tuition freeze is sustainable, we acknowledge that students and parents need more predictable tuition increases. We propose that students entering arts and sciences programs have their tuition set for the four years of their degree, with yearly increases capped at inflation less 0.25%.

Planning for Innovation

Our budget proposes that we put aside \$100 million per year to be used for the development of an innovation strategy.

Direct government investments have a place in economic development, but the bulk of the work is going to be done by private industry. Where our government would take an active role is in creating the conditions for innovation to thrive.

ATB and the Alberta Investment Management Corporation have been successful in delivering value for Albertans, but we believe they can play a larger role to drive innovation.

We would encourage them to expand their involvement with start-up and venture capital enterprises. ATB and AIMCo both have a wealth of information and insight that will be instrumental in helping small business thrive.

Building on Diversity

Diversity and innovation go hand in hand.

Differing perspectives and cultures allow us to see the world through another's eyes, and encourage us to see what else is possible. Alberta has been fortunate to welcome immigrants from all over the world, and we are well positioned to capitalize on the benefits of diversity. However, we need to make sure that we are making space at the table for these groups before we can all reap the benefits.

Alberta has been a location of choice for film and television production, and we need to do more to bring that back. Part of that effort will be to make sure there is support for the voices of Indigenous and minority artists.

We propose to increase the Culture and Tourism budget with the intent of making sure that more grants reach previously neglected cultural organizations. This will include making diversity part of the mandate for granting programs, as well as assistance in how to navigate the application process.

Our caucus will work with Tourism Alberta and other tourism organizations to determine the best use of the Tourism Levy. We would like to see the revenue from the levy put back directly into tourism initiatives aimed at diversifying the industry and attracting more visitors.

Shadow Budget Tables

Summary

(millions of dollars)

	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	3Q Fiscal	GoA	AP	GoA	AP	AP	AP	AP
	Update	Target	Proposed	Target	Proposed	Proposed	Proposed	Proposed
Revenue								
Income Tax Revenue	14,707	16,073	15,318	17,231	15,931	16,568	17,231	17,920
Other Tax Revenue	6,504	5,854	5,837	6,015	6,147	6,665	7,131	7,345
Non-renewable resource revenue	4,534	4,226	3,500	6,628	3,500	4,000	4,500	5,000
Other revenue	21,136	21,490	22,351	21,908	23,137	24,216	25,584	26,217
Total Revenue	46,881	47,643	47,006	51,782	48,715	51,449	54,447	56,483
Expenses								
Operating expenses	46,370	47,299	46,975	48,464	47,429	47,674	47,796	48,064
CLP operating Expense	577	1,395	380	1,053	465	475	482	488
Disaster Assistance	492	201	500	200	500	500	500	500
Wood Buffalo DRP	3	0	0	0	0	0	0	0
Capital grants	3,729	2,572	1,654	2,289	1,319	1,104	890	726
CLP capital grants	391	411	0	580	0	0	0	0
Amort. / inv. consumption / disposal	3,362	3,284	3,284	3,396	3,396	3,469	3,538	3,600
Debt Servicing costs (total)	1,355	1,807	1,807	2,286	2,286	2,810	3,087	3,300
Pension Provisions	-332	-279	-279	-339	-339	-300	-300	-300
Total Expense	55,947	56,690	54,321	57,929	55,056	55,732	55,993	56,379
Surplus / (deficit)	-9,066	-9,047	-7,315	-6,147	-6,341	-4,283	-1,546	104

Revenue

(millions of dollars)

	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	3Q Fiscal	GoA	AP	GoA	AP	AP	AP	AP
	Update	Target	Proposed	Target	Proposed	Proposed	Proposed	Proposed
Personal Income Tax	10,855	11,609	11,275	12,159	11,726	12,195	12,682	13,190
Corporate Income Tax	3,852	4,464	4,044	5,072	4,205	4,374	4,549	4,731
Other Tax Revenue	5,492	5,854	5,837	6,015	6,147	6,665	7,131	7,345
Non-Renewable Resource Rev.	4,534	4,226	3,500	6,628	3,500	4,000	4,500	5,000
Federal Transfers	7,918	7,870	8,179	8,079	8,443	8,712	8,984	9,109
Investment Income	3,061	2,231	2,500	2,315	2,594	2,659	2,838	2,878
Net income from Business Ent.	3,294	2,568	2,800	2,662	3,052	3,279	3,460	3,633
Premiums, Fees and Licenses	3,742	3,770	3,880	3,863	4,026	4,177	4,456	4,569
Other Revenue	3,121	3,655	4,046	3,573	4,055	4,338	4,698	4,864
Carbon Tax	1,012	1,396	946	1,416	966	1,051	1,149	1,165
Total	46,881	47,643	47,006	51,782	48,715	51,449	54,447	56,483

Operating Expense

(millions of dollars)

	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	3Q Fiscal	GoA	AP	GoA	AP	AP	AP	AP
	Update	Target	Proposed	Target	Proposed	Proposed	Proposed	Proposed
Advanced Education	5,490	5,610	5,610	5,722	5,722	5,762	5,802	5,843
Agriculture and Forestry	1,009	1,071	1,002	1,091	990	960	940	920
Children's Services	1,462	1,472	1,482	1,498	1,503	1,524	1,546	1,567
Community and Social Services	3,482	3,377	3,400	3,452	3,475	3,524	3,573	3,623
Culture and Tourism	308	284	308	289	338	338	338	338
Economic Development and Trade	308	322	425	317	425	425	325	325
Education	7,838	8,080	8,200	8,295	8,325	8,400	8,475	8,550
Energy	452	508	440	523	427	415	403	400
Environment and Parks	449	456	390	453	375	370	355	350
Executive Council	20	27	20	27	20	20	20	20
Health	19,975	20,414	20,031	21,027	20,101	20,171	20,242	20,313
Indigenous Relations	171	192	194	184	197	199	202	205
Infrastructure	494	506	509	516	523	531	538	546
Justice and Solicitor General	1,437	1,430	1,520	1,459	1,522	1,525	1,527	1,550
Labour	203	213	213	217	217	217	217	217
Municipal Affairs	250	279	240	285	235	230	225	225
Seniors and Housing	593	611	611	621	621	624	627	630
Service Alberta	268	265	266	271	265	262	261	260
Status of Women	8	7	8	8	8	8	8	8
Transportation	461	466	466	475	475	478	481	484
Treasury Board and Finance	1,571	1,549	1,500	1,573	1,525	1,550	1,550	1,550
Legislative Assembly	121	160	140	161	140	140	140	140
TOTAL OPERATING EXPENSE	46,370	47,299	46,975	48,464	47,429	47,674	47,796	48,064

Capital Plan

(millions of dollars)

	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	3Q Fiscal	GoA	AP	GoA	AP	AP	AP	AP
	Update	Target	Proposed	Target	Proposed	Proposed	Proposed	Proposed
Advanced Education	995	768	768	685	688	693	699	705
Agriculture and Forestry	53	45	45	45	45	45	45	45
Children's Services	2	2	2	2	2	2	2	2
Community and Social Services	4	4	4	4	4	4	4	4
Culture and Tourism	65	63	64	41	41	42	43	44
Economic Development and Trade	8	15	15	16	16	16	16	16
Education	1,185	668	666	727	727	737	747	758
Energy	76	144	144	58	59	60	35	32
Environment and Parks	185	141	141	136	136	139	142	145
Health	989	1,557	1,555	1,991	1,994	1,997	1,999	2,002
Indigenous Relations	8	8	8	8	8	8	8	8
Infrastructure	212	320	320	296	297	300	303	306
Justice and Solicitor General	5	4	4	4	4	4	4	4
Labour	4	1	1	1	1	1	1	1
Municipal Affairs	2,252	1,443	1,450	1,442	1,445	1,450	1,450	1,450
Seniors and Housing	251	290	290	221	221	224	227	230
Service Alberta	116	107	107	96	96	98	100	102
Transportation	2,262	1,870	1,900	1,712	1,750	1,750	1,750	1,750
Treasury Board and Finance	17	13	13	13	13	10	7	4
Legislative Assembly	3	2	2	2	2	2	2	2
2013 Alberta flood assistance	54	85	85	25	25	0	0	0
Climate Leadership Plan	421	445	0	615	0	0	0	0
Total Capital Plan	9,167	7,995	7,584	8,140	7,574	7,582	7,584	7,610



Alberta Party

Caucus

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