

Dollars and Sense

Fiscal framework and Budget 2013 consultations

Overview

In the fall of 2012, the Government of Alberta consulted with Albertans to talk about Alberta's long-term finances and fiscal framework, as well as gather views on Budget 2013.

A number of common themes arose during the consultations. These included priority spending areas such as education and health, infrastructure planning and funding, and saving for the future.

Feedback was gathered through two online surveys, nine public open houses held throughout Alberta and seven advisory panel discussion sessions. More than 6,000 Albertans participated in the consultations.

The fiscal framework online survey ran from September 10 to October 31, 2012. The Budget 2013 online survey ran from October 1 to October 31, 2012.

The full report can be downloaded at www.dollarsandsense.alberta.ca.

Focus on Priorities

Infrastructure was identified as a priority for Albertans. There was general support for borrowing for capital, but only when it made financial sense and had clear limits. As shown below, 64 per cent of fiscal framework survey respondents said that borrowing for infrastructure was acceptable when it makes good financial sense.

A comprehensive assessment of infrastructure needs was recommended, as well as clear policies about borrowing. In the budget public open houses, people talked about infrastructure deficits in the province. It was generally agreed that borrowing should not be for operations, but for building new infrastructure.

The in-person consultations supported counter-cyclical spending, including building in "quiet times" to take advantage of increased access to labour and other lower costs.

"We need clean water, safe roads and waste management upgrades."

– quote from public open house

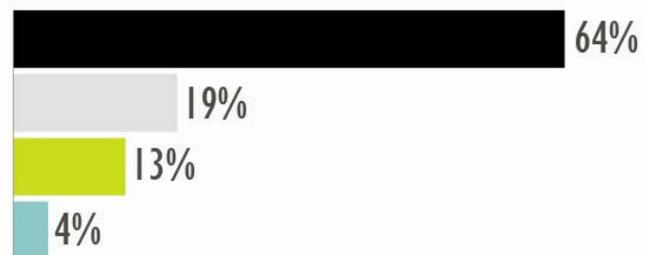
When should consideration be given to borrowing for infrastructure?

When borrowing makes good financial sense (e.g., good return on investment, low borrowing rates, etc.)

Never

When not borrowing means a cut in infrastructure spending and/or slowing down for projects

Other



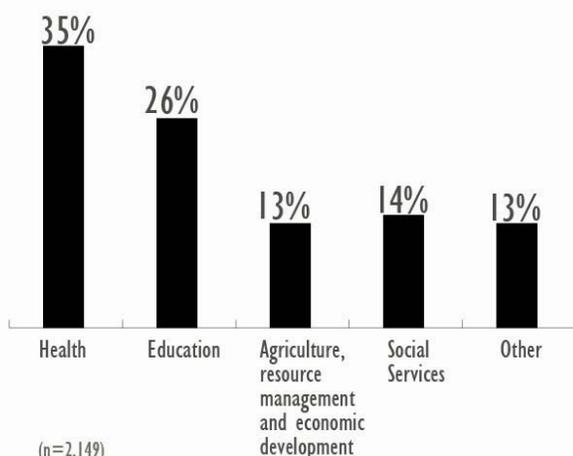
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Spending priorities for programs and services focused on health and education in the in-person discussion sessions and in the online budget survey. According to the survey, participants allocated an average of 35 per cent of spending to health and 26 per cent to education.

How would you allocate government spending in these areas?



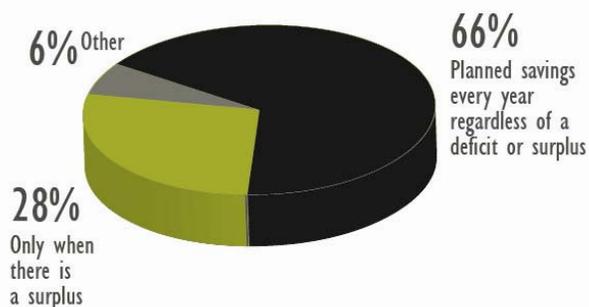
A number of participants felt that government should better control spending and find efficiencies in the dollars currently being spent now. There was also support for spending on priorities, but respondents indicated that it should be effective, efficient and transparent. Budgeting should incorporate long-term planning for the future and reduce waste. There was particular concern in the budget open houses about better control of health care costs.

“There has to be a much tighter control and transparent way of dealing with financial matters.” – quote from fiscal framework online survey

Savings, in particular long-term savings, were seen as important for the benefit of future generations. Many participants felt Alberta's savings approach should be disciplined, specific and annual. In the fiscal framework online survey, 66 per cent of respondents felt the government should save every year regardless of a deficit or surplus.

There was strong support for long-term savings like the Alberta Heritage Savings Trust Fund, and to a lesser extent, support for shorter-term savings like the Sustainability Fund. It was strongly felt that the Heritage Fund should return to its 'original purpose' and that more communications was needed regarding the purpose of both kinds of funds.

When should the province save?



Diversifying the economy

While not a focus of either consultation, there was also discussion about the need to strengthen and diversify the economy. Reactions were mixed about whether this also meant looking at Alberta's tax structure.