

Summary of Budget Consultations

Fall 2015 & Spring 2016

Date: April 14, 2016

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Executive summary

The Government of Alberta engaged in ambitious consultations to prepare **Budget 2016: The Alberta Jobs Plan.**

Last summer and fall, the Minister of Finance and government MLAs, met with Albertans across the province to gather ideas, seek feedback, and discuss important issues.

Over the winter months, the Premier and Minister of Finance travelled the province to meet with businesses and community organizations. They also met with Albertans affected by the global drop in oil prices and those asking for programs to support economic growth and diversification.

Albertans shared their concern about the economy; they also shared their optimism and determination for a more prosperous future.

Albertans expressed their desire to see government control program costs, but not at the expense of frontline workers. There was also widespread support for stable, reliable and predictable funding for schools and health care.

Non-profit organizations and service providers throughout Alberta raised concerns about long-term, stable funding for Family and Community Support Services (FCSS). Many called for more support to hire staff and expand community services.

Municipalities similarly brought forward requests for increased funding for frontline community services and support for infrastructure, water, and transit projects.

Industry associations and businesses raised concerns about access to capital for expansion, the minimum wage and called for new programs to support small and medium-sized businesses. Many brought forward suggestions for new tax credits to support investment in research and development.

There was a strong call for a return to a balanced budget within a reasonable timeframe, and significant support for infrastructure projects. Regarding taxation, there was significant recognition that the steps taken by government should stabilize revenues in the long term – with a warning about the cumulative effects of several tax increases at once.

Roundtable consultations

Regional tour

The Minister of Finance travelled across Alberta to meet with municipal officials, Chambers of Commerce, and non-profit community leadership. Some of the non-profits included: anti-poverty groups, crime prevention groups, youth and volunteer centres, public libraries, First Nations groups/associations, business associations, and community groups.

Prior to Budget 2015, the Minister held in-person forums in Fort McMurray, Cold Lake, Peace River, Edmonton, Red Deer, Calgary, Lethbridge, and Medicine Hat.

Throughout the winter of 2016, the Premier and the Minister of Finance travelled the province and held forums in Fort McMurray, Grande Prairie, Edmonton, and Calgary. They also met with stakeholders in Lethbridge, Red Deer and Peace River.

Industry/stakeholder

Energy industry

The Minister of Energy and the Minister of Finance met with oil and gas stakeholders in Calgary.

Chief economists

The department of Treasury Board and Finance hosted a conference call with chief economists from the major banks as well as the Conference Board of Canada.

Banks

The department of Treasury Board and Finance met with Canadian senior bank officials to discuss Alberta's economy and capital infrastructure investments.

Telephone town halls

The Premier and the Finance Minister hosted telephone town hall meetings prior to Budget 2015 and Budget 2016. Albertans could register to be called, dial in, or stream the sessions online.

September 21 (Northern Alberta) – Minister of Finance

- 37,065 people joined the call.
- 98 people dialled in.
- 455 people wanted to ask a question.
- 205 people listened in online, and of those 24 submitted questions.
- The Minister answered 31 questions.

September 23 (Southern Alberta) – Minister of Finance

- 46,090 people joined the call.
- 94 people dialled in.
- 450 people wanted to ask questions.
- 180 people listened in online, and of those 18 submitted questions
- The Minister answered 31 questions.

March 15 (Northern Alberta) – Premier and Minister of Finance

- 32,920 people joined the call.
- 432 people wanted to ask a question.
- 208 people listened online
- The Premier and Minister answered 25 questions

March 16 (Southern Alberta) - Premier and Minister of Finance

- 33,318 people joined the call.
- 514 people wanted to ask a question.
- 279 people listened online.
- The Premier and Minister answered 17 questions.

Online consultations

The Minister of Finance invited the public to submit feedback and suggestions to Treasury Board and Finance for the fall 2015 and spring 2016 budgets. Albertans were encouraged to provide feedback at www.budget.alberta.ca or submit their suggestions by email to Budget.Feedback@gov.ab.ca.

Treasury Board and Finance received approximately:

- 3,830 individual online submissions
- 360 emails (this included both personal and business submissions); and
- 150 business submissions via email, fax and letter

Summary

The responses received online and via mail and email ran the gamut of opinions on taxation, spending, and economic management. Many who submitted responses called for deficit reduction, a balanced budget, and cuts to spending. In addition, many Albertans felt education, health, and infrastructure should receive increased funding.

Many Albertans expressed a desire for restraint in government spending, especially related to management salaries. Concern was also raised about the impact of the minimum wage increase.

Please see the themes outlined below for more comprehensive input stemming from the Budget 2015 and Budget 2016 consultations.

Taxes

There were many submissions about taxing options. The majority of respondents would rather see tobacco/liquor/luxury/sugar taxes and/or a modest sales tax over increases to corporate or income taxes. Many of those who responded felt a sales tax was a more just/fair tax, as Albertans could choose through their purchasing decisions rather than a forced tax. A number of Albertans raised concerns about the Carbon Levy.

Tobacco/liquor/luxury/sugar taxes

Many Albertans felt it was time to implement a special sales tax on items considered bad for your health (sugar, tobacco, alcohol) and a fuel tax.

Additionally, a few Albertans suggested a luxury tax on high-end items was fair, as only those with sufficient disposable income would make those purchases and could afford to pay.

Tobacco/liquor tax

- "Taxes should be raised on liquor and tobacco products to help finance health care."
- "Please increase the so called sin taxes and consider adding snack foods too."

Sugar tax

- "I encourage the government to become the first province in Canada to put a levy on sugary drinks. This would generate revenue to help support wellness programs such as your school lunch program and also reduce the consumption of these drinks which contribute to chronic disease."
- "I support the suggestion to put a levy of 50 cent/litre on sugary drinks." (form letter response received several times)
- "Sugary drinks have no nutritional value, offer no health benefits and have been linked to serious health issues, such as childhood and adult overweight and obesity, heart disease, hypertension and diabetes. The treatment and management of chronic disease, in turn, has a significant impact on the economy and health care system in Alberta. By taxing these products, the province may discourage consumption, and the funds generated could be utilized for other chronic disease prevention initiatives."

Luxury tax

- "How about a 10 per cent luxury tax for automobiles costing over \$50,000?"
- "...a luxury tax on items such as sports cars, televisions larger than a specific size, luxury watches, etc. and have that put into a monetary fund exclusively for health care capital expenditures."

PST/HST

The respondents who raised the issue of a provincial sales tax or a harmonized sales tax were split on both sides of the issue. Many were willing to incur a modest sales tax (one to five per cent) as it is a “fair” tax. The sales tax should not be applied to essentials, such as food and children’s clothing. Many respondents felt that it was the fairest tax, as those who had more money to spend (i.e. higher salaries) would ultimately pay more in taxes when they bought big ticket items.

Those who responded against the sales tax were very clear with a resounding “no sales tax” submission. Those responses were often coupled with calls to avoid implementing a health levy.

- “I would like to see a sales tax, that is a fair tax for everyone and all Albertans contribute to the tax base.”
- “You should consider another additional, more stable way of funding, such as a provincial sales tax. Even one or two per cent (tax on goods and not on food) could help to ensure that our essential services are funded.”
- “No sales tax!”
- “Although it is an unpopular concept, I think we need a provincial sales tax, not on food and children’s clothing, but on most other things as other provinces have. It is important to fund services for Albertans and to avoid cuts to programs that are meant to help the disadvantaged. A sales tax of five per cent would still be lower than that of every other province. We pay sales taxes everywhere we go outside of Alberta, and yet visitors to Alberta do not pay sales tax on their holiday purchases.”

Carbon Levy

Respondents were concerned with the proposed carbon levy. Largely, Albertans were looking for additional information on structure and function. Many submissions were supportive of some type of levy while others absolutely opposed it. Many believed implementation should wait for economic recovery.

- “I’m asking the provincial government to put a stop to the carbon tax.”
- “The carbon tax is a start.”
- “Quantify rebates within the carbon tax.”
- “Now is the time to add the carbon tax on gasoline and diesel.”

Income tax

Most respondents felt a progressive income tax structure was the way to proceed. Many felt high income earners should be paying more in income tax. The definition of high income earner varied depending on the response, but most felt it began around \$100,000, while some felt that the threshold began at \$150,000.

- “Change to a progressive personal income tax regime and increase personal income taxes on high incomes, i.e. more than \$100,000.”
- “Individual income tax rates for those in the top bracket need to go up.”
- “Alberta should have a progressive income tax system. I make \$100,000 per year and I believe I should pay more than other Albertans with lower incomes.”
- “Raise income tax instead of creating a sales tax. Raise income tax instead of introducing a health levy/tax.”

Corporate tax

Many respondents support a further increase to corporate taxes. Many did, however, caution that the time for those increases is not now, and that government should wait until the economy recovers in order to protect jobs.

- "Make Alberta pro investment again by lowering corporate taxes. Why? Recession begs this. Increasing corporate taxes now is the wrong move. Unemployment will just worsen."
- "Corporate taxes definitely need to increase but given the economic climate may preclude you doing this until a recovery in oil prices."
- "Our economy is tenuous at the moment. I would not tip the scales by threatening a deep dive into the royalty calculation, but the slight increase to corporate taxes was correct."

Taxes (general)

- "Instead of increasing taxes and royalty rates, which will discourage new investment in the province, lower corporate taxes and maintain royalty rates to encourage new business and investment. This will create a larger base to tax and if done properly will mean the government collects more."
 - "Increase gasoline taxes to pay for roads, bridges and other transportation expenses."
 - "Creating a healthy economy is key. This can only be achieved through reduced taxes at a personal and corporate level and a refocusing of government on priority programs with an aim to reducing government spending."
 - "Cut small business taxes"
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Economy

There were recommendations and concerns raised about the current state of the economy. Many small business owners wrote in to express concerns about the minimum wage increase, and how it relates to their ability to employ staff.

Minimum wage

Many Albertans were in favour of raising the minimum wage to a “living wage.”

However, small business owners were concerned about their bottom line and ability to hire staff. Many said that given the current state of the economy, they would be more likely to work longer hours than hire new staff to fill vacancies. Some proposed a two-tier minimum wage.

- “Lower the minimum wage proposal to \$12 from \$15.”
- “The current minimum wage is fine for entry level workers and those up to 17 years. A graduated minimum wage starting at 18 years of age and implemented over 3 years to \$15/hr is reasonable.”
- “Increase minimum wage to \$15 immediately.”
- “There should be a minimum wage for non-tipped workers vs. tipped”
- “Stay the course with the minimum wage hike, more money in the pockets of low income Albertans will stimulate consumer spending as well as reduce turnover costs and retraining costs.”
- “Forego \$15 minimum wage increase until more favourable economic times.”

Government spending and investments

Most respondents who addressed the issue of government spending felt that, given the current economic climate, it was time for the government to cut back.

Government spending

Many respondents suggested the government review current spending habits, roll back salaries, pensions and benefits.

- “Alberta has a spending problem. We are living way beyond our means. More spending will only make this problem worse. The notion that we can solve the spending problem by increasing taxes (any type of taxes) will make our economy less productive and again exacerbate the problem. We need to reduce spending! There are too many government workers doing too little and being overcompensated. This issue needs to be addressed.”
- “The only sensible solution to the current fiscal crisis that we face in Alberta is to cut spending to all non-essential services that are provided by the provincial government. Wages and pensions of all provincial employees and government representatives should be cut by at least five per cent.”
- “Please cut spending in the government, this means all contract negotiation needs to be done with the expectations of a 0% raise.”
- “It is important to continue making sure that money is not spent in a wasteful manner. At the same time, we need to continue spending to keep the province running.”

Energy

A number of respondents were very concerned over Alberta's reliance on oil and gas. They felt it was time to diversify in new areas such as clean and green energy. Others felt government should push to establish new pipelines.

Diversification

Many Albertans expressed a desire to diversify Alberta's economy. Some respondents suggesting investing in arts and tourism, but many more felt it was time for Alberta to invest in technology, clean energy, and green initiatives.

- "I would like to see some funds put towards increasing capacity in sectors other than oil and gas...Strengthen industries such as agriculture so that when there are crashes in the oil prices we do not hit a crisis like 2009."
- "Given the need to diversify Alberta's economy, why not consider offering grants to established companies involved in alternative energy research and development to relocate to Alberta."
- "Can we offer incentives for research and production of other energy generating activities other than oil or gas exploration? Oil and gas will only take us so far into the next century as advancements in other technologies make them viable. Other countries (Germany) who are on the forefront of these technologies will dominate the market if we do not participate. Taking a long view if we do not begin diversifying the economy we will be left behind. Encourage through tax rebates, development funding, salary matching, etc. companies in Alberta that research and/or build non-fossil fuel generating energy sources and products. Help our energy companies become actual energy companies."
- "I feel that diversifying the economy is vital to Alberta's future."
- "I agree with your approach to diversifying the economy and developing a knowledge-based economy, as well."
- "Diversifying the economy, and in particular, the energy sector would also be valuable focuses moving forward so that our economy is less dependent on one non-renewable resource."

Green energy

Many respondents felt it was time to break away from the oil and gas industry and start investing in renewable green energy projects.

- "Provide incentives for green activities and lifestyles for residents and businesses."
- "I'd be very happy to see the NDP follow through on their pledge to provide loans for green upgrades to households. Beyond that I think it is both economically and environmentally prudent to replace Alberta's coal fired power plants as quickly as possible. Ideally with at least one nuclear plant."
- "I would like to see an RRSP eligible investment fund to be used solely for the development of alternative energy. A good project might be providing homes with solar panels or other sources of alternate energy and charging a fixed, reasonably low rate charge for the electricity."
- "Would like to see the province invest in green energy conversion such as solar and wind in order to... deal with climate change."

Education

The majority of respondents who spoke to the issue of education felt it was necessary to increase funding to our education system, and work to find efficiencies.

Investments

There were a variety of suggestions on where additional education funding should be allocated.

- “Increase education funding significantly. Increasing both the number of teachers and the support staff is crucial. Reducing class sizes, increasing support, and employing more specialist teachers need to be priorities. Growing the economy requires well educated workers who can rise to challenges, and that starts with great schools fully staffed.”
- “Aboriginal education has been historically underfunded and it has had negative ramifications on our society... Creating a stronger relationship with Aboriginal people and communities while creating a stronger Aboriginal workforce and economy; this is the way to go.”
- “Teachers need to be given the resources they need to make sure our children can experience music, art, sports, and sciences.”
- “We need continued and increased funding for programs and services for children with special needs - especially children from ages 10-18 with high functioning autism. Adaptive sports for kids who just do not fit into mainstream sports groups.”
- “While I urge you to be very conservative in deficit spending, I also urge you to continue to fund both K-12 education and post-secondary at least at the current levels.”

Teachers

Many teachers submitted feedback and suggested it was time to increase compensation for teachers who have been subjected to a wage freeze. Some Albertans however felt that teachers were already fairly compensated and should not receive salary bumps.

- “Kindergarten to Grade12 education needs support now - for inclusion, for technology, for teacher professional development ... also importantly, to adequately compensate teachers who are coming off an imposed three-year salary freeze!”
- “We need to hire more teachers to reduce class sizes as per Alberta’s Commission on Learning recommendations.”
- “The budget must include cost of living increases for teachers, nurses, and other front-line public workers.”
- “Education is important, however teachers are already very well paid. Salaries need to be contained.”
- “Reduce class sizes by adding more teachers and expanding schools to get students more one on one time with their teachers.”
- “Teachers have done their part with the fiscal situation by taking three years of zero increases.”

Apprenticeships & Skills Training

Many respondents suggest that now is the time to invest in skills training and retraining programs for Albertans. This is suggested as a way to get Albertans back to work.

- "Skills training programs provide opportunities for individuals who are under-represented in the workforce, or who have experienced barriers to employment, to move beyond social assistance or low-wage employment, secure good jobs, and establish long-term ties to the labour market."
- "We encourage the government to invest in employment...This can be done by investing in job training, work experience programs, and job offers in the public sector."

Post-secondary

Many respondents support full funding post-secondary education and ensuring that tuition is capped, kept in line with inflation, and affordable for students coming from all backgrounds.

- "Reduce tuition to make post-secondary more accessible."
 - "Reform post-secondary education. Introduce education standards across Alberta to ensure that classes taken at one institution are transferable to another. The current state of administration has one publically funded post-secondary school thinking nothing of making students retake courses with similar material over again. This discretion of our post-secondary institutions is not a good use of our public dollars."
 - "Tuition for post-secondary education is outrageous and is prohibitive for some people. Post-secondary education is important and should be more accessible."
 - "The past few decades of reduced funding to post-secondary education have contributed to increasingly higher tuition bills for students, as well as changes for faculty and facilities. In 2015, tuition for students was frozen, which is an important step, but it is also important to address the quality of post-secondary education in the province."
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Capital investments

Many respondents felt investing in infrastructure would be a good way to stimulate the economy during the current downturn. Others suggested the only debt worth incurring was for capital/infrastructure projects.

Capital investments

- “The PC government balanced the budget by neglecting deferred maintenance on government assets. We now need to address our infrastructure deficit. We all know it is cheaper to do regular maintenance on the assets than it is to replace them well before their time. Most politicians like to stand in front of a new building and do ribbon cuttings that make for really good press and photo ops, but it is far more fiscally responsible to spend on maintenance than to replace buildings and assets. Please address the deferred maintenance deficit in the budget.”
- “Infrastructure spending should include roads, bridges, water, wastewater, etc. This infrastructure will help maintain and grow our communities/municipalities. DO NOT borrow to create front line jobs, this is not sustainable. Borrowing for infrastructure leaves a positive legacy. Core infrastructure, such as roads, drainage, and water and wastewater is critical to Alberta's success. There has rarely been a better time to invest in infrastructure as costs are very low due to the downturn in oil prices. By investing in infrastructure, including the planning, design, and construction, jobs will be created and vital infrastructure services maintained.”
- “I agree with borrowing for infrastructure spending especially if we can take advantage of lower costs through competitive bidding on these projects, when there is a slowdown in construction in Alberta.”
- “I would like to see a boost in funding to health care, specifically updating/replacing outdated and rundown facilities like Misericordia Hospital.”
- “Increase funding to expand transit options bus/train/bike lane systems and repair and revamp our aging highways.”

Health

Many health related submissions called for additional resources for health care. Specifically, respondents requested increased access to midwives and funding for front line staff.

Midwives

We received several submissions requesting increased access to midwifery care. Several form letters were received.

- “Revise the funding model to increase access to midwifery care. Midwives are uniquely positioned to maintain outcomes and reduce cost, while providing client-centered care that women want and often need during such a crucial time in our lives. There is overwhelming demand for a small number of midwives due to provincial cap, which is a shame given Mount Royal University’s new program which was created to increase the number of midwives in Alberta.”
- “Increase access to midwifery care. The current funding model limits the number of courses of care and the midwives in Alberta are unable to work at full capacity. Mount Royal University midwifery grads have had to leave the province to find work, and the waiting lists to get midwifery care are very long! Based on a \$1,172 cost savings for a midwife-assisted birth, and the approximate 55,000 babies born in Alberta, the Alberta government could save millions of dollars by changing the funding model and utilizing midwifery to its full capacity.”
- Increasing funding to midwifery to allow women choice in their child care providers would save taxpayers \$1,172 per course of care.”

Alberta Health Services

Many respondents felt the size of Alberta Health Services’ management structure was too large and should be streamlined. Additional frontline staff should be hired.

- “There is huge waste in the multiple levels of bureaucracy in Alberta Health Services.”
- “Cut the fat from the top in Alberta Health Services and put the money in bricks and mortar and front-line staff.”
- “Alberta Health Services must be held more accountable for its massive, massive overspending. Too top heavy - reduce bureaucracy there.”

Frontline staff

- “Stats from Alberta Health indicate that as much as one in nine tax dollars go to pay doctors in this province. While their services are important, nurse practitioners can offer a very useful, complementary service that costs the system less and can offer a number of long-term benefits to users.”
- “There is a dire need for funds for health care. The emergency rooms are overcrowded, beds are in high demand and our supply is short. The Strathcona Community Hospital is not a hospital. There are 72 beds un-opened in that facility. If those beds were opened it would relieve the stress on the Grey Nuns and University hospital.”

Assured Income for the Severely Handicapped (AISH)

AISH provides a maximum monthly living allowance of \$1,588. Normally, the living allowance is issued at the end of the month for the following month. The living allowance may be reduced if a client and their cohabiting partner receive non-exempt income, or if a client resides in group home owned and operated by the Alberta government.

Living wage

Treasury Board and Finance received a number of submissions related to Assured Income for the Severely Handicapped (AISH) payments including requests for an overall increase due to cost of living as well as requests to increase the stipend to correspond with the minimum wage increases. Some are asking for AISH to increase with inflation.

- “Please allocate an annual cost of living increase to AISH. Living on AISH without an annual increase is very stressful. The last increase to AISH was years back and this was chewed up by big rent increases. My rent went up \$405 a month. The annual increase should be tied to inflation. Please also note that there is the Convention on Rights of Disabled Persons (CRPD) from the United Nations and it states adequate disability pensions. The cost of living makes AISH inadequate. Having an annual increase would eliminate stress upon the disabled community.”
- “Funding for AISH recipients should be increased. These are people who face significant obstacles to obtaining a livelihood, and currently the monthly allowance given to them leaves them in poverty. Please increase the amount given to AISH recipients and also increase the amount they are able to earn monthly before being penalized by reductions in their monthly amount.”
- “I would like to know how a single person on AISH is able to live with that monthly amount when regular people call it beneath the poverty line.”
- “I would like to see a marginal increase to the AISH program per recipient at least tied to inflation. As rent prices continue to rise we haven’t had a rise in the amount of allotted funding going on four years now making life difficult for disabled Albertans.”

Seniors

Many seniors are concerned about how they will continue to provide for themselves given increased costs and fixed incomes.

Continuing care

Many Albertans wrote in with concerns about the long-term plan for seniors care. Many referenced a 30 to 40 year time frame. Many Albertans are concerned about how they will be able to care for their aging parents. Many seniors are concerned about added stress placed on the younger generation to care for their parents.

- “I would like to see in the budget funds for the growth of seniors care and lodging. Working towards new facilities and staffing for treating seniors in the home when they experience illness and injury and working towards end-of-life care. We are so far behind the curve with waitlists just to get into care units for assessment and rehabilitation. In 10 or 15 years this will be Alberta's greatest health crisis.”
- “More money to health care especially long term care centres and specialty facilities to try and help with the backlog we have in hospitals. These seniors have nowhere to go as they wait for a long term care bed. They tie up acute care beds and put a huge strain on our health care system.”

Prescriptions

A number of seniors wrote in with suggestions related to the co-pay on their prescriptions. Some seniors have reported seeing several hundred dollars out of pocket to pay for essential medications.

- “I am writing regarding prescription payments by disabled seniors. It seems like age discrimination to me that people who are on AISH have their prescriptions paid at 100 per cent, and yet disabled seniors are only covered at 70 per cent. I believe that all seniors who are allowed to claim a disability credit on their income tax should have their prescriptions paid at 100 per cent.”
- “Being a senior we are provided with a free Blue Cross card, we have to pay 30 per cent on most prescriptions. Would be nice to see it lowered to free or 90 per cent.”

Home Renovation Tax Credit

- “As a carpenter and contractor, tax breaks or other such incentives for homeowners to improve/maintain their home would be great, especially if the economy continues to slow. With an aging population and growing number of baby boomers who wish to stay in their current homes as long as possible, incentives to retrofit their homes to be barrier free would be great and may save money in the long run by enabling people to stay in their own homes instead of being placed in assisted care residences.”
- “The Federal Government's Home Renovation tax credit was an excellent way to stimulate activity in the economy and give Albertans a needed injection of jobs. Why can't the Province do the same?”
- “Provide incentives for tax credits relating to home renovations and implementation of environmental savings such as low energy/utility using appliances.”