

# Alberta Federation of Labour

## Provincial Budget 2010 Overview

- **OVERALL:**

- Overall budgeted program expenses up \$1.4 billion over last year (to \$38.4 billion); which is a 3.9% increase over last year
- \$4.7 billion deficit forecasted for 2010/11
- Looking ahead, the government is forecasting a reduction in spending of \$275 million in next year's budget in a move towards a surplus budget in 2 years.
- **While this year's budget included increased spending in health and flat spending in education, 14 ministries have been cut by \$1.3 billion cumulatively**
  - They have robbed Peter to pay Paul.
  - Ministries with flat spending, such as Education, are not accounting for negotiated salary increases and inflation, meaning that "holding the line" is effectively a cut.
- **The government intends to cut a further \$240 million out of this year's budget through "in-year savings" in addition to the cuts already announced**
  - The government has announced plans to lay off 795 full time civil servants this year.
- Early indications for pending negotiations are that the government will be pushing for minimal increases, or wage freezes.
  - Any increases will have to be found within departmental budgets.
- The government continues to refuse any suggestions that revenue be generated through tax reform or through increased royalties.

- **Aboriginal Relations**

- Increased overall budget by \$3.2 million (2.1%) to \$152.5 million

- **Advanced Education and Technology**

- **Significant cut of \$205 million (6%) to \$3.2 billion**
- \$73 million cut from operating support
  - \$54 million in grants, shifting the cost burden to students and families who will have to take out larger student loans
- Universities are announcing plans to request large, across-the-board tuition increases, some in the neighbourhood of 10%
  - Also reports of significant increases to professional programs like medicine and law.

- **Agriculture and Rural Development**
  - Cut of \$86 million (7.5%) to \$1.1 billion
    - Does not include disaster assistance
    - Most of cuts come from reduced income support and crop insurance for farmers
  
- **Children and Youth Services**
  - **Significant cut of \$36 million (3.1%) to \$1.1 billion**
  - \$28 million (6.8%) cut from Child Intervention Services
    - This program was already cash-strapped
    - The hope is that fewer children will need to be removed from their homes, however, history shows that in tough economic times incidences of child abuse and family violence goes up, not down.
  - \$7.5 million (3.6%) cut to child care
    - Alberta already spends the lowest amount on child care in Canada
    - Waiting lists for spaces are already long. This will make them worse
  - Modest increase of \$5 million to Family Support for Children with Disabilities program really only covers population growth and inflation and does not represent new program spending.
  
- **Culture and Community Spirit**
  - While overall, it appears that this Ministry is only cut by \$5 million (1.8%) upon closer examination, the cuts are far more significant
  - **Operating expenses have been cut by \$35 million (15%)**
    - These are on top of \$239 million in cuts last year
  - The difference in spending is made up by one-time capital grants of \$30 million that will not be available in future years for ongoing program funding
  
- **Education**
  - Overall spending increase of \$43 million (0.7%) to \$6.1 billion
    - Amount barely covers population growth and doesn't take into account inflation
  - Does not account for increases to teachers' salaries that were negotiated.
  
- **Employment and Immigration**
  - **Programs cut by \$87 million (7.3%) to 1.1 billion**
  - Employment and training programs already cut significantly
    - Programs for upgrading and high school equivalency

- **Minimum wage frozen**
  - 3 years ago the gov't tied the minimum wage to Alberta's weekly earnings index and would have resulted in a \$.12/hr increase this year
  - Minister is publically and privately musing about changes to the minimum wage structure, considering a variable minimum wage by industry
  
- **Energy**
  - **Increase in programs of \$50 million or 12.3% to \$456.5 million**
  - **Includes \$100 million for Carbon Capture and Storage (CCS)**
  
- **Environment**
  - **A cut of \$17.5 million (5.4%) to \$307.9 million**
  - Most of the cuts come from the Climate Change and Emissions Management Fund
  
- **Executive Council**
  - A cut of \$3.7 million (10.3%) to \$31.7 million
  - **However, this still represents a 37% increase over 2007 actuals (\$8.6 million)**
  
- **Finance and Enterprise**
  - Increase of \$82 million (8.2%) to \$1.1 billion
    - \$81 million increase in costs for Teachers' pre-1992 pension liability
  
- **Health and Wellness**
  - Increase of \$15 billion
    - Includes \$759 million in one-time payout to cover AHS accumulated deficit
    - 6% increase to base operating grant this year – to over \$9 billion
    - 6 % increase pledged for 2011/2012 and 2012/2013
    - 4.5% increase pledged for 2013/2014 and 2014/2015
  - **Stephen Duckett, CEO of AHS notes in his blog that costs are rising at a rate of 10%/year so planned spending will mean further annual deficits of significant size over the term of the 5-year funding commitment or cuts**
  
- **Housing and Urban Affairs**
  - **Cuts of \$112 million (18.6%) to \$490.8 million**
  - \$102 million cuts in capital grants for affordable housing much of which was funding to help people who can't afford to pay their rents.
    - This while government maintains that it is committed to end homelessness in Alberta in 10 years.

- **Infrastructure**
  - Increase of \$532 million (83%) to \$1.2 billion
  - \$627 million for health facilities
  - \$324 million for Edmonton Remand Centre and redevelopment of the Federal Building for Legislative Assembly use
  
- **International and Intergovernmental Relations**
  - Cut of \$2 million (7.7%) to \$24 million
  
- **Justice**
  - Increase of \$11.7 million (2.5%) to \$478.6 million
  
- **Municipal Affairs**
  - Increase of \$421 million (69%) to \$1 billion
  - Primarily due to increase for the Municipal Sustainability Initiative put in place to address the infrastructure deficit caused by the Klein cuts of the 1990's
  
- **Seniors and Community Supports**
  - An increase of \$43 million (2.2%) to just under \$2 billion
  - Amount received under AISH not increased
  - No increase to Persons with Developmental Disabilities (PDD) means that children turning 18 this year may not get the services they need
  - Around \$3.6 million (15%) cut to Special Needs Assistance for Seniors
  
- **Service Alberta**
  - Cut of \$22.7 million (7.5%) to \$279.8 million
  - Cut to technology operations and infrastructure funding
  
- **Solicitor General and Public Security**
  - Increase of \$14 million (2.2%) to \$641 million
  - \$11 million to policing programs to add 100 police officers
  
- **Sustainable Resource Development**
  - Cut of \$42 million (12.1%) to \$305.6 million
    - Does not include money for disaster spending, forest fire fighting or measures to address the mountain pine beetle infestation
  - Cuts come from general program reductions

- **Tourism, Parks and Recreation**
  - Cut of \$25 million (12.4%) to \$176.1 million
  
- **Transportation**
  - **Cut of \$406 million (17.1%) to just under \$2 billion**
  - Most of cut accounted for by the ending of the Alberta Municipal Infrastructure Program
  
- **Treasury Board**
  - Cut of \$22 million (28.6%) to \$55.4 million (including \$18.6 million for Corporate Human Resources)

JT:cep445:mw\*cope458  
File: G:\Executive\2009-11 Executive\Provincial Budget 2010 Overview.doc  
March 8, 2010

