



Moving Alberta Forward

SUBMISSION TO ALBERTA FINANCE ON BUDGET 2018



Public Interest Alberta

Introduction

Alberta and its government are at a crossroads in terms of the level of public services we receive and how we should pay for them.

The choice in front of our government is increasingly clear. We can go forward, which requires that we strengthen and revitalize our public services by increasing public revenue through fair taxation. Alternatively, we can follow the path of previous governments, one of increasingly stretched public services undermined by inadequate revenue from insufficient taxation. These services would be further diminished by policies of privatization and downloading costs on to individuals and families while further increasing the fortunes of the already wealthy few.

Our government needs to move forward, not backward, and it needs to do so by moving in more fair, equitable, and effective directions, both in terms of public services and tax revenue in this budget.

Our recommendations for Budget 2018

1. Move our province forward by revitalizing our public services, not backward by stretching them even thinner with more cuts.

Any plans to grow spending below the rate of population growth plus inflation are misguided and will result in cuts to front-line services for Albertans. If the government makes the decision to cut services in this way, it must at least be honest with Albertans that our public services will be stretched even thinner and will be less effective in meeting our needs. The government must lead a conversation with Albertans to determine if a reduction in the capacity and quality of our public services is actually what the population desires. That should include a detailed assessment of the impact of these cuts.

A better alternative would be to move Alberta forward by not only protecting public services but by exploring ways of strengthening them. The reality is that our services are already stretched far too thin. Wait times for health care and seniors' care are already too long. In our schools, classroom conditions that deteriorated from years of underfunding require immediate attention and children with the greatest needs are bearing the brunt of inadequate funding. Supports for our most vulnerable have continued to be neglected. Making further cuts now would be counterproductive. Clearly, across the board, what is needed are much stronger – not weaker – public services.

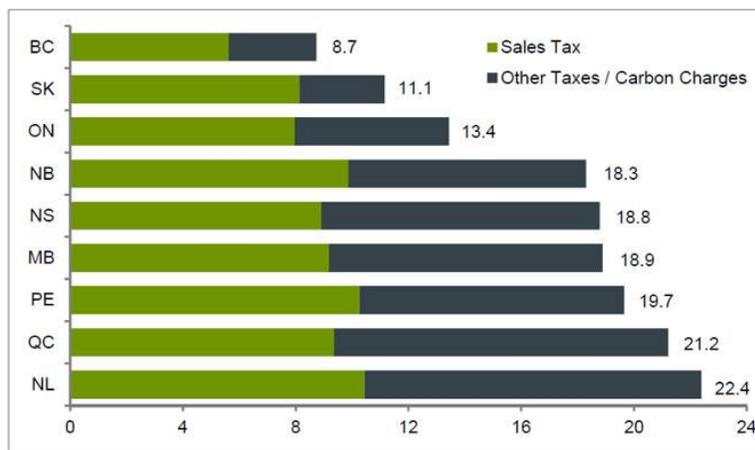
2. Begin the discussion on how Alberta can address the structural shortage of revenue through fair taxation.

Budget deficits have been necessary in the short term to protect public services for Albertans. By and large, the current government deserves credit for that short-term decision. However, budgets going back to the years of Progressive Conservative governments, even when oil prices were high, show clearly that Alberta has a structural shortage of revenue. Coupled with the view of most Albertans that resource revenue should not be relied on to fund government operations, that means we need big changes to our tax system to raise considerably more annual revenue in order to fund the public services Albertans want and need.

The “Alberta’s Tax Advantage” graph in the government’s previous budget documents clearly shows that the province has a considerable amount of room to increase tax revenues. The tax system of any other province in the country would raise Alberta between \$8.7 and \$22.4 billion in additional annual revenue.

The Alberta government must show leadership to educate Albertans about the deficiencies of our tax system and of potential paths forward to fix the shortage of revenue. This will require the kind of political courage the government mustered in its earlier decisions to implement a carbon tax, raise the minimum wage to \$15 an hour, reform farm and ranch worker protections, and overhaul Alberta’s labour code.

Alberta’s Tax Advantage
(billions of dollars)



3. Begin phasing out the public funding of private schools, and reallocate that funding to strengthening public education.

The government is currently spending more than \$100 million every year to subsidize private schools, not including special needs schools. Meanwhile, resources and staff are stretched beyond capacity in Alberta’s Public, Catholic, and Francophone school systems, leading to classroom conditions that cannot develop the full potential of every child.

Recognizing that five other Canadian provinces provide no subsidies for private schools and that Alberta’s subsidy system is the most generous in the country, changes are necessary. The government should begin by reducing the rate of subsidies to private schools from 70% to 50% in this year’s budget, which would free up approximately \$30 million per year to begin to improve classroom conditions in Public, Catholic, and Francophone schools. This would be the first step in fully phasing out public subsidies to private schools, a process that should be completed over the following two budget years.

A government aiming to spend its financial resources as efficiently and effectively as possible must prioritize improving classroom conditions in Alberta’s public school systems over providing unnecessary and inefficient subsidies to private schools.

4. Phase out the inefficient funding of private seniors’ care, including both home care and facility-based care, by shifting investments to publicly delivered care.

The Alberta government made an exemplary decision when it decided Alberta Health Services would purchase and operate Hinton’s Mountain View Centre continuing care home as a public facility, and further to upgrade beds in that facility from Designated Supportive Living to Long-Term Care. Research clearly shows that investing in publicly owned and operated facilities is the most efficient use of money and results in higher quality care than private alternatives. With the Hinton announcement, the

government turned a corner in the vital area of seniors' care, away from privatization and toward public provision. It is most encouraging.

In addition, three promises in the governing party's 2015 election platform provide a path forward to improving both residential care and home care by investing in public delivery of care:

- "We will shorten emergency room waiting times by creating 2,000 public long-term care beds over four years, which will improve seniors care and reduce hospital congestion."
- "We will phase in a new model for expanded public homecare which will enhance and stabilize the system by directing care to where individuals need it, helping to keep people at home instead of in hospitals."
- "We will end the PCs' costly experiments in privatization, and redirect the funds to publicly delivered services."

By building on the Hinton decision, and fully implementing these three platform promises, the government would set itself on a path to be able to eventually phase out private delivery of continuing care and focus more public dollars directly on care, rather than having unnecessary amounts wasted on corporate profit and the additional administrative costs that come with large numbers of organizations and corporations providing care. Public ownership of facilities, unlike subsidies to private providers, also show as an asset on the government's balance sheet, further strengthening its long-term fiscal picture.

Conclusion

If the government wants to continue with its goal of making life better for Albertans, Budget 2018 must sustain existing investments in public services and embrace solutions to further strengthen them. Cuts of any kind to public services should be rejected, as they would move the province backward. Sustaining and strengthening our public services must involve leading a conversation with Albertans about our structural shortage of tax revenue and the potential solutions to it. The budget should focus squarely on moving forward by revitalizing our public services for the benefit of all Albertans.