

2016

BUDGET SUSTAINABILITY RECOMMENDATIONS



APRIL 2016

EXECUTIVE SUMMARY

Our province didn't get into a position of fiscal mismanagement because of poor decisions by Albertans – the blame lies squarely on the backs of past and present governments.

Alberta has gone from the enviable position of having no debt and \$17 billion in the bank less than one decade ago, to a scenario where the government has drained all our savings and is \$18 billion in debt. Alberta spent too much, for too long, and now Albertans are paying the price with higher interest payments, higher taxes and fewer front line services.

Alberta, once an example of sound fiscal judgement, has run eight straight deficits over the span of five premiers.

The truth is, governments don't balance budgets during an economic downturn by raising taxes. A balanced budget demands fiscal discipline.

There is no quick fix that will turn things around today, but it's critical that we take steps now to get Alberta back on track.

By following these targeted recommendations to eliminate wasteful spending, the government could generate \$2 billion in savings this year without laying off workers or harming front line services.

No one is expecting the government to balance the budget this year, or even next. However, the decisions we make today could allow Albertans the bright tomorrow they deserve.



Brian Jean,
Leader of the Wildrose Official Opposition



Derek Fildebrandt,
Wildrose Shadow Finance Minister

RECOMMENDATIONS

SECURING THE SUSTAINABILITY OF FRONT LINE SERVICES

- [Save through attrition: hiring freeze for government ministry workers](#)
- [Hold the line: no increases on wages or positions for the rest of the public sector beyond new teachers](#)
- [Lower interest payments through decreased borrowing](#)
- [Implement existing Results Based Budgeting recommendations](#)
- [Perform program review to streamline operational spending to the front lines](#)

ELIMINATING WASTE

- [Reduce Government of Alberta travel by 50 per cent](#)
- [Reduce bureaucratic red tape](#)
- [Conduct Auditor General value-for-money audits](#)
- [Create whistleblower website to report government waste and fraud](#)
- [Implement the Auditor General's recommendation on finance liquidity](#)

Total savings: **\$2 billion**

RECOMMENDATION

Save through attrition: hiring freeze for government ministry workers



Savings: **\$200 million**

Alberta currently spends \$8 billion more on a per capita basis than British Columbia and Ontario on government services. With up to 10 per cent of Alberta bureaucrats resigning every year, the province can generate significant savings by exercising strict restraint on hiring direct employees of the government.

By implementing a broad hiring freeze across the government (with exceptions only for essential employees), more responsibilities and authority can be de-centralized and re-allocated to front line workers.

DID YOU KNOW?



THERE ARE
FIVE
WORKERS FOR
EVERY
MANAGER

RECOMMENDATION

Hold the line: no increases on wages or positions for the rest of the public sector



Savings: **\$500 million**

Wages are dropping across Alberta. Recently, Statistics Canada found Albertans' average weekly earnings suffered their largest year-over-year decline since the agency started collecting earnings data.

Wildrose respects the importance of the work public sector employees do, but we also recognize their compensation is higher than in other provinces. To ensure the government can continue providing essential services, the government should negotiate wage freezes across the public service, including re-negotiating existing contracts to postpone any planned raises.

There should also be no expansion of positions across the public sector except in rare cases such as for needed front line health workers, or new teachers and teaching assistants to meet enrolment growth and to staff new schools.



**Average Weekly Earnings fell
4.3 per cent last year, the
largest drop in provincial history.**

RECOMMENDATION

Lower interest payments through decreased borrowing



Savings: **\$60 million**

By implementing the Wildrose Budget Sustainability Recommendations alone, the government will reduce borrowing - enough to lower interest payments by roughly \$60 million each year.

Less debt means less operational dollars being diverted to debt payments, making future services sustainable without tax hikes on Alberta families.

DID YOU KNOW?

**By 2019, Alberta will be paying
\$1.3 billion a year in debt servicing costs.**

Those interest payments mean **less money** for schools, hospitals, teachers and nurses.



RECOMMENDATION

Implement existing Results Based Budgeting recommendations



Savings: **\$250 million**

The final round of Results Based Budgeting challenge panels concluded last fall.

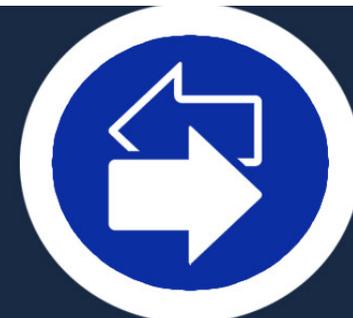
Despite not being directed at savings, a total of 20 per cent of the 650 recommendations had savings attached to them.

The government should release savings estimates for each of these recommendations, and be accountable to Albertans by explaining when they are implementing them or why they are rejecting them.



RECOMMENDATION

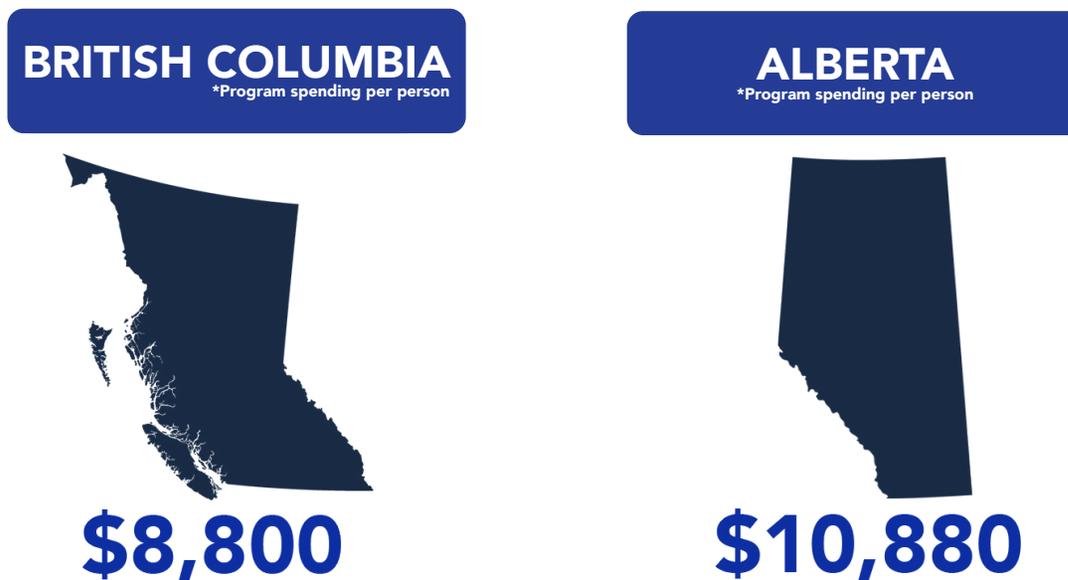
Implement program review to streamline spending to the front lines



Savings: **\$600 million**

Alberta spends \$2,000 more per person than British Columbia and Ontario on programs and services.

An across-the-board program review of operational spending will establish the difference between needs and wants, and generate a more streamlined and efficient way of delivering the programs and services Albertans rely on.



RECOMMENDATION

Reduce Government of Alberta travel by 50 per cent



Savings: **\$14 million**

During a time of economic strain, government should begin utilizing new technologies to reduce overall costs for travel, hosting and consulting.

There is no reason for public sector workers to be traveling around the world to do business that could easily be accomplished with video conference equipment and business software.

Skype

GoToMeeting

WebEx

By cutting travel expenses in half and using online business and communication programs like Skype, GoToMeeting and WebEx to do business, the government could save \$14 million.

RECOMMENDATION

Reduce bureaucratic red tape



Savings: **\$293 million**

As outlined in the [Wildrose Jobs Action Plan](#), red tape not only continues to inhibit growth in our economy, but it comes with a big price tag for government.

A true red tape reduction strategy, like in Ontario, would not only make life easier for Albertans, but save taxpayers almost \$300 million per year.



The Canadian Federation of Independent Business gave Alberta's government a 'D' grade last year on red tape accountability.

Only Newfoundland scored worse.

RECOMMENDATION

Conduct Auditor General value-for-money audits



Savings: **\$50 million**

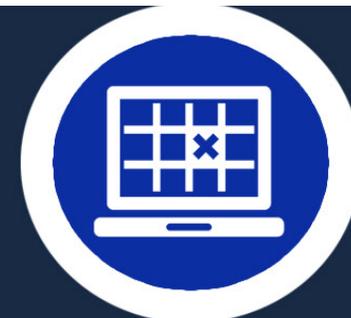
Currently, the Auditor General's office spends too much of its resources reviewing annual reports from government departments and agencies to ensure accounting accuracy, rather than performing more important value-for-money audits and seeking out fraud.

This recommendation would free up the Auditor General's office to do more value-for-money audits that would save taxpayers money.



RECOMMENDATION

Create a whistleblower website to report government waste and fraud



Savings: **\$25 million**

Whistleblower websites are another way to target wasteful spending habits or fraud across government.

All Albertans, especially members of the public sector, would be encouraged to advise government of where tax dollars are being wasted or stolen, while allowing anonymous submissions and ensuring proper legislation is in place to protect whistleblowers.



RECOMMENDATION

Implement the Auditor General's recommendation on finance liquidity



Savings: **\$20 million**

The Auditor General's February 2016 report included the recommendation that government should manage excess liquidity better in order to reduce overall interest payments by \$20 million.



A man in a light blue button-down shirt is looking down and to the left, appearing to be in a meeting or discussion. The background shows a room with framed pictures on the wall and a window with a white valance. The text is overlaid on the left side of the image.

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Alberta is the greatest place to live, work and raise a family in the entire world, but our future is in jeopardy.

The right decisions today will secure a bright tomorrow for future generations of Alberta families.

- Brian Jean