



AB Today – Daily Report September 4, 2019

Quotation of the day

“Raising taxes is not the answer. Alberta has a spending problem and the government needs to act quickly and decisively to reduce its spending.”

Janice MacKinnon, chair of the blue ribbon panel on finances, says Alberta’s per capita spending is the highest in Canada, a trend that has lasted two decades.

Today in AB

On the schedule

The House is adjourned for the summer recess. MLAs will return to the legislature for the fall session on October 22. Regular committee meetings are set to resume next week.

Premier watch

Premier **Jason Kenney** issued a back to school message and [video](#) in which he hailed the work of teachers and praised Alberta’s “tradition of school choice.”

“A strong, thriving province starts with a solid education that is as diverse as Alberta’s economic opportunities,” Kenney said. “Our government is working with parents and educators at all levels so every student receives a world-class education that meets their needs, brings them closer to their dreams and prepares them for a great career.”

Meanwhile, Kenney took a shot at federal Minister of Natural Resources and Edmonton Mill Woods MP **Amarjeet Sohi** on Tuesday evening. After Sohi, a Liberal, [tweeted](#) about his frustration with traffic caused by a train crossing in Edmonton, Kenney [retorted](#): “Minister, those are oil cars. They are moving oil that could have been shipped more safely by the Northern Gateway and Energy East pipelines that were killed by your government.”

Blue ribbon panel says Alberta has a spending problem, outlines 26 recommendations to balance budget

Privatize health-care delivery, legislate wage restraint and raise tuition fees.

These are among the [26 recommendations](#) from Alberta's blue ribbon panel on the province's finances — which is urging \$600 million in cuts to annual government spending to balance the budget by 2022-23 — released publicly on Tuesday.

Led by former Saskatchewan NDP finance minister **Janice MacKinnon**, the panel was charged with finding a way to balance the budget without tinkering with tax revenues.

“You have to deal with public sector salaries,” MacKinnon told reporters. “You have to keep them flat. They can't continue to go up.”

While the panel focussed on three areas — health care, K-12 education and post-secondary institutions — the 84-page report recommends reviewing all departments, boards, agencies and commissions.

MacKinnon said the province got into the habit of increasing spending during economic boom times, but did not reduce spending during the bust portion of the cycle.

This is iterated in a section of the report entitled “Alberta: We have a problem,” which calls on the government to make a “difficult but necessary fiscal course correction immediately” because “cuts around the edges won't get Alberta back to a sustainable balanced budget.”

Despite revenues being out of the scope of the review, MacKinnon said raising taxes was not the answer to attaining fiscal health.

Recommendations to shore up spending include allowing the use of private or non-profit health-care delivery for day procedures; decreasing administration costs for school funding; raising tuition costs and finding alternative revenue sources in post-secondary institutions; legislating salary levels for all public sector employees; and bringing in back-to-work legislation, if necessary.

The panel also recommended moving physicians from a fee-for-service model to Alternative Payment Plans, which would involve renegotiating the province's agreement with the Alberta Medical Association.

“You have to make those changes — fewer hospitals, more clinics,” MacKinnon said. “Fewer doctors, more nurse practitioners.”

Shortly after forming government, on May 7, Finance Minister **Travis Toews** announced the appointment of the panel. Toews received the report on August 15, but he withheld it until Tuesday so the government could formulate a response.

The panel's recommendations come as the United Conservative government prepares its first budget, to be tabled during the upcoming fall session of the legislature. (The report also recommends instituting a fixed budget date.)

"We'll be putting a lot of stock into these recommendations," Toews said when asked about the impact of the report on the budget deliberations.

Toews noted the province's debt ballooned from \$13 billion to \$60 billion over four years, putting Alberta on track to reach \$100 billion in debt in the next four years.

From 2008-09 to 2018-19, government revenue increased by 26 per cent while spending increased by 60 per cent.

The recommendations include eliminating the deficit by 2022-23, then legislating a plan to pay off Alberta's net debt entirely by 2043-44.

Health

Mackinnon said the province needs to spend less on hospitals and doctors, and more on clinics and nurses. In the 2018-19 fiscal year, the government spent 42 per cent of its budget, \$20.4 billion, on health care. Nearly nine billion of that went to hospitals.

Alberta spends \$5,077 per capita on health care compared to \$4,267 in British Columbia and \$4,080 in Ontario.

Despite the higher spending, Alberta's health outcomes are often worse than comparable provinces. For example, Alberta has 195.2 deaths from major cardiovascular disease per 100,000 compared to 174.5 in B.C. and 163 in Ontario. Alberta's death by suicide is 15.2 per 100,000 compared with 9.7 in B.C. and 10 in Ontario.

Mackinnon said Ontario and B.C. have transitioned to a 21st century health-care model, with programs designed to manage chronic conditions and institute home care while placing a greater emphasis on preventative care.

Many conditions can be more affordably treated by nurse practitioners rather than doctors, she said.

Education

The report found Alberta spends \$11,121 per student in grade school, of which \$9,681 (or 75.4 per cent) goes towards the classroom. The other 24.6 per cent goes towards administration costs.

This is a better outcome than in Ontario, which spends \$17,077 per student, with only 73 per cent directed to program delivery. Things are more efficient in B.C. where 83 per cent of education funding is spent in the classroom.

“The level of spending by a school board is not the key factor that drives better outcomes,” the report states.

On the post-secondary front, the report says government funding should be correlated with the job market and institutions should be focussed on providing skills training for the “current and future labour market.”

The report notes a lack of “overall direction” in the province’s post-secondary system along with Alberta’s lower participation and graduation rates than other provinces.

The panel suggests the province “move quickly” to address the future of post-secondary institutions “that do not appear to be viable in future funding scenarios.”

NDP reaction

Acting NDP Leader **Sarah Hoffman** told reporters on Tuesday she’s not surprised — but she is disappointed — that the panel recommends cuts, despite the UCP’s pledge to maintain or increase spending on health care and education.

Hoffman said the panel’s recommendation to limit total program spending increases to the rate of Alberta’s household income growth opens the door to cuts, given that the government already made rollbacks to minimum wage and is now in talks to legislate public sector wage cuts.

“It’s going to be a self-fulfilling prophecy,” Hoffman said.

Alberta Union of Provincial Employees president **Guy Smith** pointed to the panel’s recommendation that the government legislate salary levels and benefit packages for all public sector employees, saying these rollbacks are coming alongside billions in tax cuts to corporations.

“The Blue Ribbon Panel report demands rollbacks and cuts for working people while the government gives away billions to profitable corporations,” Smith said in a news release. “That’s billions of lost revenues to benefit UCP friends.”

Meanwhile, the report recommends non-bargaining public sector workers be eligible for merit-based wage hikes in order to “develop, transform and empower” the public service and bolster the “attraction, engagement and retention of qualified staff.”

Today’s events

September 4 at 10:30 a.m. – Fort Saskatchewan

Economic Development, Trade and Tourism Minister **Tanya Fir** will speak at Inter Pipeline Women Building Futures at the Heartland Petrochemical Complex.

September 4 at 11:30 a.m. – Calgary

Finance Minister **Travis Toews** will speak to the Calgary Chamber of Commerce.

Topics of conversation

- The Conservative Party of Canada has complained to Canada’s Elections Commission about the thousands of funding commitments Prime Minister **Justin Trudeau** and his caucus made over the summer in advance of the federal election. Signalling the Liberal Party’s eye to holding seats in Alberta, last month two of the province’s Liberal MPs announced the most cash among backbenchers, Global News [reports](#).
 - In August, Edmonton—Centre MP **Randy Boissonnault** made 69 funding announcements (11 in his own riding) and Calgary—Centre MP **Kent Hehr** made 59 (17 in his own riding).
 - Overall, the Liberal government announced \$12.8 billion worth of spending in August; of that, \$619 million went to Alberta via 519 separate commitments.
- Alberta’s oil and gas exports dropped by 18 per cent in June after seeing a 19 per cent jump in May.
 - In June, natural gas exports dropped by 35 per cent, while crude dropped by 17 per cent due to low prices, according to [ATB Financial](#).
 - The drop was due to lower prices in both oil and gas. The average gas price in Alberta dropped 52 per cent in June and the price of Western Canadian Select dropped 20 per cent in June from an average of \$52.29 per barrel to \$41.76.
 - In the first six months of 2019, exports were up 2.7 per cent compared to the same time period in 2018.