



Analysis of 2018 Provincial Budget

- As per attachment 1 Capital Plan from the 2018 Budget reveals, the Government is forecasting a cut of more than \$2.5 Billion in 2018-2019, compared to 2017-2018 budget. There is a further \$1 Billion cut over 2019-2021 compared to 2018-2019. Media analysis suggests a smaller cut, but it appears their analysis excludes grant funding to municipalities.
- These cuts will impact construction jobs, as per the following estimates from BuildForce Canada:

	Total investment (billions of \$2017)	Jobs/\$1 billion	Construction employment
Institutional building	1	3,455	3,455
Roads, highways and bridges	1	2,902	2,902
Other engineering*	1	2,830	2,830

* **Other engineering** includes pipelines, water and sewer lines, pumping stations, treatment plants, transit systems, tunnels and other civil engineering.

Note (1): Entering an investment amount (in billions) will automatically generate the total construction employment estimate above.

- At this level of investment, the Government forecasts there will be no overall improvement in the condition of Alberta schools and other infrastructure as per attachment 2.
- There are also a couple of program expenditure decisions of note:
 - funding for delivery of apprenticeship training is boosted (\$38 million in each of 2019-2020 and 2020-2021 compared to \$31 million in each of 2017-2018 and 2018-2019). It is not clear what the rationale for this increase is, given the reduction of employment prospects arising from the cuts to infrastructure spending.
 - Despite a significant jump in OHS budget, Alberta Labour is not anticipating any increase in worksite inspections (Attachment 3). Employers pay a portion of the OHS Budget through a transfer of portion of their WCB premiums from the WCB to OHS (\$46.8 Million in 2016, latest WCB Annual Report).

Attachment 1

Capital Plan^a

(millions of dollars)

	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Estimate	2019-20 Target	2020-21 Target
Advanced Education	731	1,051	995	714	634	481
Agriculture and Forestry	51	53	53	39	35	32
Children's Services	1	2	2	-	-	-
Community and Social Services	4	4	4	2	1	1
Culture and Tourism	47	65	65	77	54	54
Economic Development and Trade	11	11	8	10	11	11
Education	1,385	1,389	1,162	744	636	835
Energy	42	225	71	194	21	22
Environment and Parks	44	135	185	65	75	59
Health	667	1,132	990	1,338	1,384	1,551
Indigenous Relations	8	8	8	8	8	7
Infrastructure	203	282	233	224	259	308
Justice and Solicitor General	3	4	5	10	4	4
Labour	2	1	4	2	1	1
Municipal Affairs	1,482	1,456	2,251	892	890	1,291
Seniors and Housing	328	306	251	259	199	107
Service Alberta	100	143	123	106	95	89
Transportation	1,267	2,586	2,262	1,485	1,262	1,187
Treasury Board and Finance	14	17	16	20	13	13
Legislative Assembly	1	2	3	3	2	2
2013 Alberta flood assistance	179	90	54	29	1	-
Climate Leadership Plan	7	214	420	616	687	409
Contingency / unallocated	-	-	-	(391)	(388)	(431)
Total Capital Plan	6,578	9,175	9,165	6,444	5,884	6,032

^a The Capital Plan comprises capital grants included in expense plus capital investment in government-owned assets not included in expense. Capital investment adds to government capital assets, and those assets are depreciated over time through amortization expense included in total expense.

Attachment 2

Performance Measures	Last Actual 2016-17	Target 2018-19	Target 2019-20	Target 2020-21
1.a Health facilities – physical condition:				
• Percentage in category 1 ¹	83%	83%	84%	79%
• Percentage in category 2 ²	16%	16%	15%	20%
• Percentage in category 3 ³	1%	1%	1%	1%
1.b School facilities – physical condition:				
• Percentage in category 1 ¹	57%	61%	57%	57%
• Percentage in category 2 ²	42%	38%	42%	42%
• Percentage in category 3 ³	1%	1%	1%	1%
1.c Post-secondary facilities – physical condition:				
• Percentage in category 1 ¹	72%	69%	68% ⁴	67%
• Percentage in category 2 ²	27%	30%	37%	32%
• Percentage in category 3 ³	1%	1%	2%	1%
1.d Government-owned and operated facilities – physical condition:				
• Percentage in category 1 ¹	74%	75%	75%	75%
• Percentage in category 2 ²	25%	24%	24%	24%
• Percentage in category 3 ³	1%	1%	1%	1%

Notes:

- 1 Category 1: Adequate for intended use and expected to provide continued service life with average maintenance.
- 2 Category 2: Aging components are nearing the end of their life-cycle and require additional expenditures for renewal or refurbishing.
- 3 Category 3: Upgrading is required to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary.
- 4 The targets for post-secondary facilities – physical condition have been adjusted to account for several major projects that are underway or completed.

Source: Alberta Infrastructure Business Plan

Performance Measure	Last Actual 2016-17	Target 2018-19	Target 2019-20	Target 2020-21
2.a Physical condition of provincial highway surfaces ¹ :				
• Percentage in Category 1 ²	56.6%	56.5%	56.5%	56.0%
• Percentage in Category 2 ³	27.3%	27.5%	27.5%	28.0%
• Percentage in Category 3 ⁴	16.1%	16.0%	16.0%	16.0%

Notes:

- 1 In previous ministry business plans, the physical condition of provincial highways was reported in terms of being in good, fair or poor condition. Physical condition of provincial highways is now reported by category to ensure the results are more easily understood.
- 2 Category 1: Adequate for intended use and expected to provide continued service life with average maintenance.
- 3 Category 2: Aging components are nearing the end of their life-cycle and require additional expenditures for renewal or refurbishing.
- 4 Category 3: Upgrading is required to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary.

Source: Alberta Transportation Business Plan

Attachment 3

STATEMENT OF OPERATIONS

(thousands of dollars)	Comparable			2018-19 Estimate	2019-20 Target	2020-21 Target
	2016-17 Actual	2017-18 Budget	2017-18 Forecast			
REVENUE						
Internal Government Transfers	-	700	1,117	2,330	250	-
Labour Market Development	68,841	48,066	52,066	58,322	81,387	87,290
Other Revenue	57,909	63,792	63,792	77,621	84,075	86,413
Premiums, Fees and Licences	2,480	2,185	3,185	3,386	3,386	3,386
Transfers from Government of Canada	413	-	-	-	-	-
Ministry Total	129,643	114,743	120,160	141,819	169,098	177,089
Inter-Ministry Consolidations	-	(700)	(1,117)	(2,330)	(250)	-
Consolidated Total	129,643	114,043	119,043	139,489	168,848	177,089
EXPENSE						
Ministry Support Services	8,446	7,672	7,693	7,655	7,655	7,655
Workforce Strategies	104,202	106,847	109,168	116,310	120,829	124,788
Safe, Fair and Healthy Workplaces	61,290	65,525	65,084	77,621	79,748	82,057
Labour Relations Board	3,772	3,586	3,586	4,487	4,487	4,487
Appeals Commission for Alberta Workers' Compensation	11,756	13,668	13,620	13,635	13,635	13,635
Medical Panels Office for Alberta Workers' Compensation	326	355	355	1,355	1,355	1,355
Fair Practices Office	-	-	-	3,470	6,940	6,940
Climate Leadership Plan	-	-	960	6,400	4,650	7,450
Ministry Total	189,792	197,653	200,466	230,933	239,299	248,367
Inter-Ministry Consolidations	(4,513)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Consolidated Total	185,279	195,653	198,466	228,933	237,299	246,367
Net Operating Result	(55,636)	(81,610)	(79,423)	(89,444)	(68,451)	(69,278)

Performance Measures	Last Actual (Year)	Target 2018-19	Target 2019-20	Target 2020-21
1.a Lost-time claim rate: Number of lost-time claims per 100 person-years worked ¹	1.25	1.15	1.11	1.06
Disabling injury rate: Number of disabling injuries per 100 person-years worked ¹	2.36 (2016)	2.19	2.11	2.03
1.b Percentage of employment standards complaints completed within 180 days of date complaint received	49% (2016-17)	55%	60%	65%
1.c Percentage of employment standards complaints resolved using mediation, settlement, compromise or other voluntary means	84% (2016-17)	84%	84%	84%
1.d Number of Occupational Health and Safety (OHS) inspections	12,266 (2016-17)	12,000	12,000	12,000

Note:

¹ One person-year is equivalent to one full-time worker working for one year or 2,000 hours worked.