

BACKGROUNDER: RMA Budget 2019-20 Details

PROVINCIAL FINANCES

- Alberta's total revenue is forecast to remain relatively flat at approximately \$50 billion in 2019-20, a 4% increase from \$47.9 billion in 2018-19 forecasted revenue.
- Policy changes impacting revenue includes the removal of the carbon levy, which accounted for \$1.3 billion in 2018-19 and the general corporate income tax cut, which dropped to 11 per cent in July 2019, and will decrease to 8 per cent by 2022. This is expected to create revenue growth by an estimate average of 9 per cent per year starting in 2019-20.
- Total estimated expenditures will increase slightly at \$58.7 billion from \$56.2 billion estimated in the previous budget.
- The crude-by-rail program is cancelled, saving \$1.5 billion in 2019-20. Continued effort will be undertaken to work with partners for effective market access.
- The government reports that red tape reduction across government, combined with streamlined processes and consolidating administrative services, are expected to save at least \$140 million.
- Budget 2019-20 identifies that programs will be reformed to find savings, and increased cost effectiveness of service delivery through public-private partnerships where an equal or better quality of service can be provided more economically.
- The size of Alberta's public sector will be reduced by about 7.7 per cent over four years, contributing to savings in compensation costs.
- An increase to the tobacco tax of \$5 per carton is applied October 25, 2019 and a new tourism levy on short-term rentals offered on online marketplaces, such as AirBnB, will be implemented in 2020.
- Non-renewable resource revenue is estimated at \$6.5 billion for 2019-20 and expected to increase to \$8.6 billion by 2022-23.
- The Education Property Tax Requisition is forecast at \$2.5 billion, which is a slight increase (\$17 million) from the previous budget year.
 - This increase is based on freezing education tax mill rates to remain at the previous year's level and deducting approximately \$30 million from revenue to support two credit programs: The Provincial Education Requisition Program (PERC) and the Shallow Gas Tax Relief Initiative (SGTRI). The growth in education property tax revenue is the result of a growing assessment base.
 - Education property taxes are estimated to increase gradually over the next three years.
 - The residential/farm rate remains at \$2.56 per \$1,000 of equalized assessment, and the non-residential rate is \$3.76 per \$1,000 of equalized assessment.

ADVANCED EDUCATION

- Capital investment in post-secondary infrastructure decreased from \$298.4 million in 2018-19 to \$219.7 million in 2019-20.
- Advanced Education will introduce a new funding model for post-secondary education which will introduce performance-based funding that responds to system performance. Changes will take effect in 2020-21 with transition provisions to support institutional viability.

- Budget 2019-20 announced that the tuition freeze that was in place for the past five years will be lifted starting in 2020-21.

AGRICULTURE AND FORESTRY

- The Ministry of Agriculture and Forestry's business plan lists several key outcomes including:
 - Growth and Sustainability of Alberta's Agriculture and Forest Sectors
 - Public Health and Safety
 - Responsible Resource Management
 - Thriving Rural Communities
- The Ministry plans to cut expenditures by 9.1% or \$88 million over the next four years.
- Budgeted amounts for Agriculture Income Support has decreased by \$31 million to \$89 million. This is in line with the actual amount spent in 2018-19.
- Agri-Insurance, Livestock and Hail Insurance decreased from a budget of \$485 million last fiscal to \$408.5 million this fiscal.
- Funding for agricultural societies will remain steady at \$19 million.
- In response to wildfires, the 2019 Northwest Alberta Wildfires program will be funded with \$118 million.
- Forest management has increased by \$4 million over the 2018-19 budget amount to \$56.6 million.
- Canadian Agricultural Partnership (CAP) funding will be \$42.3 million, a decrease of \$4 million.
- FireSmart will receive \$115.8 million, and the ministry business plan has identified the continued implementation of FireSmart as a key objective.
- Funding for crop and livestock health monitoring, which includes administration of the *Animal Health Act*, *Agricultural Pest Act*, and *Weed Control Act* will receive \$18.2 million.

COMMUNITY SERVICES

- The budget for the Alberta First Responders Radio Communication System (AFRRCS) has decreased to \$17 million in 2019-20.
- Family and Community Support Services (FCSS) funding remains stable at approximately \$100 million.
- Community Initiatives Program funding has decreased from \$25.7 million to \$23.6 million.
- Funding for the Provincial Library Network has been maintained at \$35 million.
- Funding for the Community Facility Enhancement Program (CFEP) has decreased significantly from \$38 million in 2018-19 to \$25 million in 2019-20.
- The Summer Temporary Employment Program will be eliminated after 2019.
- The Coal Workforce Transition Program funding has decreased from \$6.4 million in 2018-19 to \$4.7 million in 2019-20.

- The Alberta Labour and Immigration business plan includes \$250,000 allocated to assist farmers and ranchers in implementing health and safety practices that align with occupational health and safety legislation through the Farm Health and Safety Grant.

CULTURE, MULTICULTURISM AND STATUS OF WOMEN

- Funding for Culture, Multiculturalism and Status of Women is \$271.5 million.
- The Ministry's priorities are advancing gender equality, multiculturalism and inclusion. The Ministry is working with communities and all orders of government to address and prevent gender-based violence and violence against Indigenous women and girls and the LGBTQ2S+ community.

ECONOMIC DEVELOPMENT, TRADE AND TOURISM

- Funding for the Ministry of Economic Development, Trade and Tourism is \$298.3 million.
- The funding category for Jobs, Investment and Diversification has increased from \$2.2 million to \$2.4 million.
- Funding for the Northern Alberta Development Council is reduced slightly from \$2.3 million to \$2 million.

EDUCATION

- Funding levels are maintained for Education at \$8.2 billion per year.
- Student Transportation Services funding will increase from \$352.7 million to \$362.2 million.

ENERGY

- Alberta Energy's business plan identifies a number of outcomes of interest to RMA members:
 - Albertans benefit economically from responsible energy and mineral development and access to global markets
 - Effective stewardship and regulation of Alberta's energy and mineral resources
- Continued effort to review the Alberta Energy Regulator will result in a leaner regulator.
- Orphan Well Abandonment program funding has increased from \$45.5 million to \$55.8 million, due to a combination of an increased number of orphan wells and more efficient administration of the program.
- \$30 million is allocated for the Canadian Energy Centre.
- Provincial funding of carbon capture and storage initiatives has decreased from the previous year's estimate of \$274 million to \$136.4 million.
- Funding for the Utilities Consumer Advocate has slightly decreased from \$9.0 million to \$8.1 million.
- The Coal Phase-Out Agreements are anticipated to cost \$96.9 million, which remains steady from the 2018-19 Budget.
 - \$4.7 million is allocated for the Coal Workforce Transition Program.

ENVIRONMENT AND PARKS

- The business plan for Alberta Environment and Parks outlines the following key performance measures for 2019-20 are:
 - Environment and ecosystem health and integrity
 - Sustainable economic diversification
 - Social well-being
 - Protected public health and safety from environmental conditions and events
- Funding for the Alberta Municipal Water and Wastewater Partnership (AMWWP) has decreased from \$45 million to \$32 million.
- As the development of regional plans under the Land-use Framework continue, the budget for the Land Use Secretariat has decreased slightly from \$6.1 million to \$5.2 million.
- Budget 2019-20 includes the Technology Innovation and Emissions Reduction (TIER) program to support new climate technologies for large emitters as of January 1, 2020. The dedicated TIER fund will be used to develop and implement technologies that further reduce greenhouse gas emissions over time with the first \$100 million in annual revenue and 50 per cent of the remaining revenue paid into the fund being used for emission reduction projects.
- Funding for the Wetland Restoration Program is \$4.0 million.
- Funding for Flood Adaptation has increased from \$13.2 million to \$15.6 million.
- Funding for Water for Life has decreased from \$75.3 million to \$43.3 million.
- Funding for First Nations Water Tie-in Program has decreased from \$24.4 million to \$18.3 million.
- Funding for wildlife management has slightly decreased from \$24 million to \$22 million.
- Funding for fisheries management has decreased from \$13.7 million to \$7.4 million.

HEALTH, SENIORS AND HOUSING

- Several strategies outlined in the Ministry of Health's business plan have the potential to benefit rural communities, including:
 - An integrated health care system that puts individuals at the centre and leads to improved health outcomes for Albertans
 - A high-quality health system based on sound fiscal stewardship, clear accountabilities, efficient service delivery and value for investment
 - Albertans have increased access to health care professionals and the mix of professionals that best meets their needs
 - Albertans are supported by accessible and coordinated mental health and addiction services
 - The well-being of Albertans is supported through population health initiatives
- \$15.4 billion has been budgeted for Alberta Health Services operations.

- The Ministry of Seniors and Housing has been budgeted \$704 million, a decrease of \$33.6 million. This includes \$403 million for the Alberta Seniors Benefit, a \$29 million increase from the previous year.
- The budget also provides \$183 million for programs delivered by the Alberta Social Housing Corporation (ASHC), a decrease of \$78 million from the previous budget year. However, ASHC will draw on \$198 million in cash reserves to fund the remainder of the program costs and pay off \$50 million in debt owed to CMHC.
- The Seniors Property Tax Deferral Program budget is steady at \$8.2 million.
- Funding for Alberta Primary Care Networks is \$238 million, a decrease of \$6 million.
- The new Affordable Housing Energy Savings Program will not receive funding from 2020-21 onward but will receive \$3 million in funding this year.

INDIGENOUS RELATIONS

- Funding for Indigenous Relations is \$198.3 million.
- The First Nations Development Fund remains steady at \$123 million.

JUSTICE AND POLICING

- The Policing Assistance to Municipalities Grant was increased slightly from \$87.7 million to \$88.2 million. This grant includes two components: the Municipal Policing Assistance Grant the New Police Officer Program.
- Funding for provincial contract policing has increased from approximately \$256 million in 2018-19 to \$263 million in 2019-20. This is in part due to an \$8 million funding increase over four years to target and reduce rural crime through closer coordination between police services and an increased focus on high-risk repeat offenders.
- Funding for Fish and Wildlife Enforcement has decreased from \$23.8 million in 2018-19 to \$22.3 million in 2019-20.
- Operating funding for criminal and youth prosecutions has increased slightly from \$77.4 million in 2018-19 to \$79.8 million in 2019-20.
- The Alberta Justice and Solicitor General business plan prioritizes appropriate staffing for the proper functioning of Alberta's criminal justice system, including the hiring of 50 new prosecutors and support staff at a cost of up to \$40 million over four years.

MUNICIPAL AFFAIRS

- The total Municipal Affairs budget is approximately \$1.48 billion, a net increase of \$368.8 million from the 2018-19 budget.
- As per the federal budget, the Federal Gas Tax Fund will increase \$247 million to a total of \$477 million.
- The business plan for Alberta Municipal Affairs contains five key outcomes:
 - Albertans live in viable municipalities and communities with fiscally responsible, collaborative, and accountable local governments
 - Alberta's economic prosperity is facilitated by local governments

- Albertans are protected with safe buildings, homes, and communities
- Alberta is emergency ready and resilient
- Albertans receive fair, timely, and well-reasoned decisions from the ministry's quasi-judicial boards
- The 2019-20 Municipal Sustainability Initiative (MSI) funding components are as follows:
 - The MSI capital component is funded at \$294 million.
 - The MSI operating component is maintained at \$30 million.
 - The Basic Municipal Transportation Grant is funded at \$347 million.

It is important to consider that these figures do not include \$400 million in MSI funding that was diverted from the 2018-19 and 2019-20 budget years and advanced to municipalities in the 2017-18 budget year. When applying the \$400 million advance to the 2019-20 budget year, total MSI funding is equivalent to \$1.07 billion.

- The Government of Alberta is estimating a reduction in MSI funding in the upcoming 2020-21 and 2021-22 budget years as the MSI program begins to wind down.
 - MSI funding in 2020-21 will be reduced by \$94 million compared to 2019-20 levels.
 - MSI funding in 2021-22 will be reduced by \$142 million compared to 2019-20 levels.
- Following the 2022 expiration of MSI, the Local Government Fiscal Framework will replace MSI/Basic Municipal Transportation Grant and the *City Charters Fiscal Framework Act*. This will set baseline funding at a total of \$860 million in 2023 (\$455 million to be split between Edmonton and Calgary and \$405 million for other municipalities). This funding will grow annually at half the rate of provincial revenue growth.
- Alberta Community Partnership (ACP) funding has decreased by \$1.5 million to \$17 million. This reduction comes in the form of a decrease of \$750,000 for both the Edmonton and Calgary Growth Management Boards.
- Grants in Place of Taxes (GIPOT) have been decreased by \$14.1 million, bringing funding for this program to \$44.9 million. Communities where GIPOT is more than 5% of their property tax revenue are exempt from this reduction.
- The Education Property Tax Requisition is forecast at \$2.5 billion, which is a slight increase (\$17 million) from the previous budget year.
- Alberta Emergency Management Agency funding has nearly doubled, from \$33.3 million to \$65.2 million.

TRANSPORTATION AND INFRASTRUCTURE

- Alberta Transportation's business plan identifies several priority initiatives that are relevant to RMA members:
 - Competitiveness, Market Access and Economic Growth: Alberta has a safe and efficient multi-modal transportation system that supports the economy
 - Long-term Sustainability and Affordability: Alberta can afford to maintain its existing transportation assets and invest in new strategic infrastructure

- Connected and Active Communities: Albertans have inclusive and accessible transportation options in and between communities
 - Safety and Security: Transportation safety and security is enhanced through educational, regulatory, technological and infrastructure improvements
 - Innovation and Technology Integration: Alberta's transportation system adapts to new innovations and technologies
 - Environmental Stewardship: Alberta has a transportation system that is managed in an environmentally responsible and sustainable manner
- The Strategic Transportation Infrastructure Program (STIP) has received \$22.5 million, a decrease of \$4 million from \$26.5 million in 2018-2019. \$84 million in funding is in place over the next four years.
 - Federal Gas Tax funding, as per the federal government decision to issue a onetime doubling of the transfer, is \$477 million. In 2020-21 it is projected to return to \$244 million.
 - Funding for municipal water infrastructure programs, which includes Water for Life, the Municipal Water-Wastewater Program (AMWWP), and First Nations Water Tie-In Program is set for \$94 million, a substantial decrease from the previous budget, with the following breakdown:
 - Water for Life is funded at \$43.3 million, down from \$75.3 million
 - AMWWP is funded at \$32.3 million, down from \$45 million
 - First Nations Water Tie-In is funded at \$18.4 million, down from \$24.4 million
 - As GreenTRIP wraps up, funding has decreased to \$125 million.
 - Provincial highway maintenance operations funding will be \$327 million.
 - The Alberta Community Transit Fund has been shut down.
 - Funding for summer highway maintenance will be reduced, but not at the expense of safety. Ditch mowing will be reduced to areas where visibility is a concern, and control of noxious and prohibited noxious weeds will be addressed when the province receives a weed notice from a municipality.