

March 23, 2018

Alberta Budget 2018-19: Initial Analysis

Today the Government of Alberta released their **budget** for the 2018-19 fiscal year (April 1, 2018 to March 31, 2019).

RMA President Al Kemmere's initial reaction to the 2018-19 provincial budget is as follows:

"The RMA is pleased by the Government of Alberta's announcement to replace the Municipal Sustainability Initiative (MSI) upon its completion in the 2021-22 budget year with permanent, legislated municipal funding which will be based on a consistent portion of the province's overall revenue. This announcement signifies a respect for the critical role that municipalities of all types play in supporting sustainable, livable communities and a strong provincial economy. The RMA looks forward to working with the Government of Alberta and other partners to develop a funding model that is fair for all municipalities."

*"The RMA applauds the Government of Alberta's decision to make available \$800 million of future Municipal Sustainability Initiative (MSI) funding in the 2018-19 budget year. While the overall level of MSI funding to be made available until the program's completion in 2021-22 **is unchanged**, this decision will support municipalities in developing long-term capital plans and investing in multi-year infrastructure projects."*

"The RMA is concerned with the Government of Alberta's decision to reduce funding for the Strategic Transportation Infrastructure Program (STIP). While the RMA understands the importance of practicing fiscal restraint, the rural transportation infrastructure supported by STIP is, in many cases, critical to Alberta's economy by providing access to natural resources and connecting rural communities. Sustainable rural transportation infrastructure funding has been a priority for RMA members for many years, and the RMA will continue to advocate for stable targeted funding for rural infrastructure."

RMA's initial analysis identifies the following key items:

- Funding for Alberta's share of the federal Investing in Canada plan has not been included in the 2018-19 budget. The RMA has been notified that this is because the province wants to first establish the bilateral funding agreement with the Government of Canada before allocating provincial funding.

The RMA understands that in order to allocate an accurate share of funding under the cost-shared Investing in Canada plan, the Government of Alberta must first complete negotiations with their federal counterparts. The RMA expects these negotiations to be complete by the end of March 2018, and looks forward to learning more about how the government of Alberta will contribute to the program at that time.

2510 Sparrow Drive
Nisku, Alberta T9E 8N5

OFFICE: 780.955.3639
FAX: 780.955.3615
RMAAlberta.com

- The Municipal Sustainability Initiative (MSI) will maintain a stable level of funding until the program is scheduled to conclude in the 2021-22 budget year. To support improved cash-flow from the province to municipalities, and to encourage long-term municipal capital planning, the Government of Alberta will be advancing \$800 million of MSI funding in the 2017-2018 budget year. It is important to note that this is **not** additional funding to that previously committed to MSI, but is rather the re-allocation of \$400 million of MSI funding originally budgeted for the 2019-2020 budget year, and \$400 million of MSI funding originally budgeted for the 2020-2021 budget year.
- The Government of Alberta has committed to replacing MSI with permanent, legislated municipal funding upon the conclusion of MSI in the 2021-22 budget year based on sharing of provincial revenues. This new program will be developed collaboratively between the Government of Alberta, the RMA, the Alberta Urban Municipalities Association, and other partners. The RMA is hopeful that this funding program will ensure that municipalities receive a consistent portion of provincial revenues each year.
- The Education Property Tax Requisition is forecast at \$2.4 billion which remains identical to the budgeted figure in 2017-18. This is welcomed as it will save property owners approximately \$114 million and potentially free up tax room for those municipalities that need it.
- The Strategic Transportation Infrastructure Program (STIP) has received \$26.5 million for 2018-2019, a decrease from the \$35 million budgeted for 2017-18 and \$85.4 million forecast during this same timeframe. This is concerning for Alberta's rural municipalities who manage 77% of Alberta's roads and 61% of Alberta's bridges and rely, to a certain degree, on provincial funding to ensure these roads and bridges continue to support Alberta's natural resource sector.
- Funding for the Alberta Community Partnership is maintained at the same level as 2017-18. This is the funding program that municipalities have used to fund the development of Intermunicipal Collaboration Frameworks (ICFs).
- Funding for municipal water infrastructure programs has increased to a total funding level of \$144 million in the 2018-19 budget. Water for Life has received \$75 million in funding, the AMWWP has received \$45 million, and the First nations water Tie-in Program has received 24 million.
- The Capital Plan is \$30 billion over five years, which includes \$3.3 for the SUCH (schools, universities, colleges, and hospitals) sector. One element of this capital plan is \$3.3 billion for roads and bridges to improve flow of goods and services throughout the province, as well as \$5.4 billion for capital maintenance and renewal to public facilities.
- The Orphan Well Abandonment program has received an increase in funding from \$30.5 million to \$45.5 million due to an increased number of orphan wells and more efficient administration of the program.
- The Policing Assistance to Municipalities Grant (MPAG) was increased slightly to \$87.7 million. This includes the Municipal Policing Assistance Grant (\$57.7 million) and the New Police Officer Program (\$30 million).
- Funding for provincial contract policing has increased from approximately \$236 million in 2017-18 to \$256 million in 2018-19. This increase is in part due to additional funding for rural crime reduction initiatives such as new officers, civilian staff and equipment focused on preventing crime in key rural locations across the province.
- Funding for agricultural services boards and agricultural societies remains at similar levels to the previous year. It was recently announced at the RMA convention that this funding would be secured for three years.

The RMA has prepared a supporting member bulletin highlighting the facts and figures in detail of the 2018-19 provincial budget. For a full breakdown of the Government of Alberta's 2018-19 budget and estimates, visit the [Government of Alberta's Budget 2018 webpage](#).

Enquiries may be directed to:

Gerald Rhodes
Executive Director
780.955.4077

Tasha Blumenthal
Director of External Relations & Advocacy
780.955.4094