

Alberta Budget 2018-19: The Facts

The Government of Alberta has released their [budget](#) for the 2018-19 fiscal year (April 1, 2018 to March 31, 2019).

The 2018-19 budget is based on three pillars identified by the Government of Alberta:

- **Diversifying the economy** – fighting for market access, adding value to our energy products and supporting new and developing industries.
- **Protecting vital public services** – making sure loved ones get the care they need, young people get the best education possible, and no one is left behind.
- **Returning to balance** – investing tax dollars where they are needed most, eliminating waste, and controlling spending to return to balance by 2023-24.

For a full breakdown of the budget and estimates, visit the [Government of Alberta's Budget 2018 webpage](#).

The following are details of the 2018-19 budget that will be important for RMA members:

- The Government of Alberta is expected to have a \$8.8 billion deficit in the 2018-19 fiscal year, compared to a \$10.3 deficit in the previous year's budget.
- 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, which results in lower than expected allocations in 2018-19 and 2019-20. It is important to note that this is **not** additional or reduced funding in comparison to the amount previously committed to MSI, but is rather the re-allocation of funding to support municipalities in undertaking long-term, multi-year capital projects.
- 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 the 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 Strategic Transportation Infrastructure Program (STIP) has received \$26 million for 2018-2019, a decrease from the \$35 million budgeted for 2017-18 and \$85 million forecast during this same timeframe.
- 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 Education Property Tax Requisition is forecast at \$2.4 billion which remains identical to the budgeted figure in 2017-18.
 - Instead of increasing the requisition based on the policy of 32% of total education system operating expense, the government has chosen to freeze revenue, which will save property tax-payers \$114 million throughout Alberta.
 - As a result of lower assessment values resulting from the two-year recession, education property tax mill rates are increasing slightly in 2018-19 but only to raise the same revenue that was raised in 2017-18.
 - The residential/farm rate is \$2.56 per \$1,000 of equalized assessment, and the non-residential rate is \$3.76 per \$1,000 of equalized assessment.
- 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 attached backgrounder provides more budget highlights that may affect rural Alberta. The RMA will provide additional details through member bulletins as they become available. To view the complete budget and its supporting documents, please click [here](#).

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Backgrounder Attached

BACKGROUNDER: RMA Budget 2018-19 Details

PROVINCIAL FINANCES

- The Government of Alberta is expected to have a \$8.8 billion deficit in the 2018-19 fiscal year, compared to a \$10.3 deficit in the previous year's budget.
- Alberta's total revenue is forecast to be \$47.9 billion in 2018-19, an increase of \$2.9 billion, or 6.4%, from 2017-18.
- Total expenditures will increase by \$234 million to \$56.2 billion.
- There are no changes in personal and corporate income tax rates, nor are there increases for liquor and tobacco. In total, revenue collected through premiums, fees, licenses, and other sources is projected to increase slightly in 2018-19 to \$3.8 billion.
- Non-renewable resource revenue is expected to increase by \$800 million in budget 2018-19 to \$3.8 billion. The Government of Alberta projects this revenue stream to increase to \$5 billion by 2020-21.
- The carbon levy is estimated to raise \$1.4 billion in 2018-19.
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ADVANCED EDUCATION

- Overall capital funding for post-secondary institutions (both expansion/upgrading and maintenance/renewal of post-secondary institutions) decreased from \$446.6 million in 2017-18 to \$298.4 million in 2018-19.

AGRICULTURE AND FORESTRY

- The Ministry of Agriculture and Forestry's business plan lists several key outcomes including:
 - Alberta's agriculture and forest industries are innovative, diversified and competitive
 - Alberta's effective agri-food and forest assurance systems are effective
 - Alberta's agriculture and forest industries are managed in an environmentally responsible and sustainable manner
 - Alberta has thriving rural communities
- Budgeted amounts for Agriculture Income Support has decreased by \$2.2 million to \$120 million.
- Agri-Insurance, Livestock and Hail Insurance decreased from a budget of \$493 million last fiscal to \$485 million this fiscal.

- 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.
- Wildlife compensation funding has increased from \$6.7 million to \$7.8 million.
- Wildfire management has decreased slightly from \$97.1 million to \$94.9 million.
- Forest management has increased by \$3 million over the 2017-18 budget amount to \$52.2 million.

ALBERTA CLIMATE LEADERSHIP PLAN

- Alberta's Climate Leadership Plan continues to be implemented with the following key aspects:
 1. Phasing out pollution from coal-generated electricity by 2030;
 2. Renewable energy accounting for 30% of generation by 2030;
 3. Reducing emissions from the oil and gas sector;
 4. Creating Energy Efficiency Alberta to deliver cost saving programs; and
 5. Implementing an economy-wide price on carbon.
- In total, the Climate Leadership Plan will cost \$1.9 billion in 2018-19.
- Over the next three years, \$5.3 billion will be spent to advance climate leadership initiatives including public transit, innovative research, energy efficiency programs, infrastructure projects, and support to Indigenous communities.
- The budget provides continued funding to Albertans, including a total of \$1.6 billion over three years in rebates to be dispersed to over 60% of Albertans.
- The provincial budget includes \$680 million over three years to support the phase-out of coal-generated electricity, including coal transition payments, financial support for coal workers through the Coal Workforce Transition Program, the Renewable Electricity Program and community generation.
- There is also \$662 million over three years identified to support energy efficiency projects, including \$214 million in 2018-19.

COMMUNITY SERVICES

- The budget for the Alberta First Responders Radio Communication System (AFRRCS) has decreased to \$24 million in 2018-19.
- Family and Community Support Services (FCSS) funding remains stable at \$101 million.
- The 2018 Community Initiatives Program budget has increased slightly to \$25 million.
- Funding for the Provincial Library Network has been maintained at \$35 million, though the additional \$12 million that was allocated to capital grants in 2017-2018 will not be included in 2018-2019.
- Funding for the Community Facility Enhancement Program (CFEP) remains steady at \$38 million.
- The Summer Temporary Employment Program remains steady at \$10 million.

- The Government of Alberta will continue to work with housing providers, government departments, and stakeholders to advance the actions of the Provincial Affordable Housing Strategy.

ECONOMIC DEVELOPMENT AND TRADE

- Funding for the Ministry of Economic Development and Trade has increased minimally to \$358.6 million.
- The funding category for Jobs, Investment and Diversification has increased to \$28 million.
- Funding for the Northern Alberta Development Council is reduced slightly from \$2.4 million to \$2.3 million.

EDUCATION

- The Small Schools by Necessity Grant will see a minor reduction in its funding from the previous budget and has been allotted \$50 million.
- Student Transportation Services funding will increase significantly from \$305 million to \$352.7 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
 - Albertans benefit from a stable, reliable electricity system that protects consumers, attracts investment, and has improved environmental performance
- Orphan Well Abandonment program funding has increased from \$30.5 million to \$45.5 million, due to a combination of an increased number of orphan wells and more efficient administration of the program.
- Provincial funding of carbon capture and storage initiatives has increased from the previous year's estimate of \$215 million to \$274 million. It should be noted that the forecast amount for the previous year is much lower than the budgeted amount, at \$51 million.
- Funding for the Utilities Consumer Advocate remains steady at approximately \$9 million.
- The Coal Phase-Out Agreements are anticipated to cost \$30 million, a \$2 million decrease from last year's budget.

ENVIRONMENT AND PARKS

- The business plan for Alberta Environment and Parks outlines the following key performance measures for 2018-19 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 \$47 million to \$45 million.
- As the development of regional plans under the Land-use Framework continue, the budget for the Land Use Secretariat has been reduced to \$6.1 million – a significant drop from the budgeted amount of \$10.3 million in 2017-18.
- Funding for Water for Life has increased from \$65 million to \$75.3 million – a 15% increase.
- Funding for wildlife management is \$23.9 million, a slight increase from 2017-18.
- Funding for fisheries management has increased from \$9.9 million to \$13.7 million.
- The Government of Alberta identifies that work on flood hazard mapping will continue in 2018-19, though it is zero funded in the provincial budget estimates.

HEALTH, SENIORS AND HOUSING

- Several strategies outlined in the Ministry of Health's business plan have the potential to benefit rural communities, including:
 - Expand home care services to increase access to health services, reduce reliance on acute care facilities, and enable Albertans to stay at home longer
 - Develop a targeted approach for new continuing care spaces and upgrading or replacing existing sites, focusing on complex populations and communities in greatest need.
 - Improve access to health care providers across the province and develop sustainable strategies that ensure the appropriate education, scope of practice, supply, mix, and distribution of health care providers.
 - Improve the effectiveness and efficiency of Alberta's emergency medical services system, and support the expanded role of paramedics in the delivery of patient care.
- \$12.5 billion has been budgeted for Alberta Health Services operations.
- The Ministry of Seniors and Housing has been budgeted \$737.6 million. This includes \$374 million for the Alberta Seniors Benefit, a \$9 million increase from the previous year.
- The budget also provides \$261 million for programs delivered by the Alberta Social Housing Corporation, a decrease of \$5 million from the previous budget year. Included in the \$256 million is \$84 million for seniors housing, a 16% decrease from last year; and \$87 million for family community housing, a 10% increase from last year's budgeted amount.
- The Seniors Property Tax Deferral Program budget has increased from \$7.3 million to \$8.2 million.
- Funding for Alberta Primary Care Networks is steady at \$244 million.
- The new Affordable Housing Energy Savings Program will enable retrofits in affordable housing units. \$25 million has been allocated over three years to deliver this program.

INDIGENOUS RELATIONS

- The Aboriginal Consultation Office has received a budget of \$5.3 million – a minor decrease from last year.

- This budget provides \$123 million for the First Nations Development Fund, a \$6 million decrease from last year.
- \$83 million over five years has been allocated from the Climate Leadership Plan to lead engagement among First Nations, Alberta Transportation, and the Government of Canada to connect regional drinking water systems for First Nations in Alberta.

JUSTICE AND POLICING

- 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 \$237 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.
- Capital funding for the Alberta Crown Prosecution Services increased significantly from being zero-funded in 2017-18 to receiving \$2.1 million in funding in this year's budget.

MUNICIPAL AFFAIRS

- The total Municipal Affairs budget is approximately \$1.2 billion.
- The business plan for Alberta Municipal Affairs contains four key outcomes:
 - Albertans live in viable municipalities and communities with responsible, collaborative and accountable local governments
 - A comprehensive system of standards ensuring quality infrastructure so that Albertans are safe in their homes and communities
 - Alberta is well prepared for disasters and emergencies
 - Albertans and municipalities receive fair, timely and well-reasoned decisions on matters before the ministry's quasi-judicial boards.
- 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 advance \$800 million of MSI funding in the 2017-2018 budget year, which results in lower than expected allocations in 2018-19 and 2019-20. It is important to note that this is **not** additional or reduced funding in comparison to the amount previously committed to MSI, but is rather the re-allocation of funding to support municipalities in undertaking long-term, multi-year capital projects.
 - 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 \$344 million.
- Alberta Community Partnership (ACP) funding has been maintained at \$18.5 million. The ACP will be used to support municipalities in the development of intermunicipal collaboration frameworks.

- Grants in Place of Taxes (GIPOT) have been allocated \$59 million in this budget, which is unchanged from the previous year's budgeted amount.
- The Education Property Tax Requisition is forecast at \$2.4 billion, which is unchanged from the previous budget year.
- Alberta Emergency Management Agency funding decreased slightly to \$33.3 million.

STATUS OF WOMEN

- Status of Women has budgeted a total of \$6.9 million towards gender equality and advancement and gender policy, strategy, and innovation. One aspect of the Ministry's strategic context is the role of women in leadership positions. The Government of Alberta's Ready for Her campaign, in advance of the 2017 municipal elections, resulted in a three percent increase in the number of women on municipal councils.

TRANSPORTATION AND INFRASTRUCTURE

- Alberta Transportation's business plan identifies several priority initiatives that are relevant to RMA members:
 - Support sustainable municipal road and bridge infrastructure that contributes to resilient local economies in rural and smaller urban communities.
 - Create and implement a transparent asset management plan in partnership with municipalities, other governments and industry, and examine the long-term sustainability of the network.
 - Implement approaches to ensure highway operations and maintenance programs achieve the best value for investment and the most effective results for Albertans.
 - Work with partners to support the development of local, regional and rural public transportation options that better connect Albertans to critical services and each other, and influence community development.
 - Continue to enhance the automated Transportation Routing and Vehicle Information Multi-Jurisdictional permitting system in collaboration with municipalities across Alberta, ensuring consistent overweight permit fee distribution to municipal partners to offset highway maintenance costs.
 - Work with partners to ensure all Albertans, including Indigenous communities, have reliable access to clean and safe drinking water and water/wastewater treatment systems by providing funding through the Alberta Municipal Water/Wastewater Partnership, Water for Life and the First Nations Water Tie-In Program.
- The Strategic Transportation Infrastructure Program (STIP) has received \$26.5 million for 2018-2019, a significant decrease from the \$85.4 million forecast for the 2017-18 budget.
- Federal Gas Tax funding is at a level of \$229.5 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 \$144 million. GreenTRIP funding has been reduced from a 2017-18 budget of \$484 million to \$250 million in this year's budget. Funding is anticipated to be reduced further in upcoming budget years as the GreenTRIP program winds down.

- Provincial highway maintenance operations funding is holding steady at approximately \$254 million.
- Funding for the Alberta Community Transit Fund has decreased significantly from \$40 million to \$22 million.
- \$1 million has been budgeted to support rural bus service pilot programs.