

BACKGROUNDER: RMA Budget 2020-21 Details

PROVINCIAL FINANCES

- February 27, the Government of Alberta Tables Budget 2020 – *A Blueprint for Jobs*, continuing efforts to balance the budget by 2022-23. Four key focus areas are identified in budget 2020:
 - Getting Alberta back to work
 - Getting services to people who need them
 - Getting spending under control
 - Getting a fair deal
- The Government of Alberta's deficit is expected to be \$6.8 billion in the 2020-21 fiscal year, compared to an \$8.8 billion deficit in the 2018-19 budget. The Government of Alberta reports that this reduction in deficit will result in Albertans paying \$35 million less in debt servicing costs.
- Alberta's estimated revenue is similar to the 2019-20 budget at nearly \$50 billion in 2020-21.
- Total expenditures will remain at approximately \$56 billion.
- Non-renewable resource revenue is estimated at \$5.09 billion and is projected to \$6.7 billion by 2021-22.
- To continue to promote Alberta's investment opportunities, the Government of Alberta has earmarked \$75 million over three years to support a new investment attraction strategy.
- Continued reductions on Alberta's tax rate as part of the Job Creation Tax Cut are planned, bringing the tax rate from its current 10 per cent to 8 per cent by 2022.
- Budget 2020 includes utilizing a voted contingency to support risk management, which includes funding for emergencies and disaster based on with average provincial spending for wildfires, floods, and agricultural disasters.

ADVANCED EDUCATION

- Capital expansion and upgrading in post-secondary infrastructure decreased from \$207.7 million in 2019-20 to \$149.8 million in 2020-21.
- Capital maintenance and renewal of post-secondary infrastructure increased significantly from \$12 million in 2019-20 to \$118.5 million 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
- Budgeted amounts for Agriculture Income Support remain at \$89.6 million, however the forecast for 2019-20 far exceeded this budget at \$235 million.

- Agri-Insurance, Livestock and Hail Insurance remains relatively stable at \$407 million.
- Funding for rural programming and agricultural societies will be \$18.8 million.
- The 2019 Northwest Alberta Wildfires program will be funded with \$112 million, a decrease of \$6 million from the previous year.
- Forest management has decreased by \$5 million from the 2019-20 budget amount to \$51.2 million.
- Canadian Agricultural Partnership (CAP) funding will remain relatively stable at \$42.2 million.
- FireSmart will receive \$102 million, a decrease of nearly \$14 million from the 2019-20 allocation of \$115.8 million.
- Funding for crop and livestock health monitoring, which includes administration of the Animal Health Act, Agricultural Pest Act, and Weed Control Act will receive \$14.3 million, a decrease of \$4 million from the \$18.2 million allocated in 2019-20.
- Operating funding for Agricultural Services Boards has decreased from \$11.7 million to \$8.5 million.

COMMUNITY SERVICES

- The budget for the Alberta First Responders Radio Communication System (AFRRCS) will remain stable at \$17 million in 2020-21.
- Family and Community Support Services (FCSS) funding remains stable at \$100 million.
- Community Initiatives Program funding has decreased by \$5 million to \$19.7 million.
- Funding for the library services has increased by \$2 million to \$37 million in 2020-21.
- Funding for the Community Facility Enhancement Program (CFEP) will remain stable at \$25 million.
- Funding for the Assured Income for the Severely Handicapped (AISH) program remains relatively stable at \$1.3 million. Changes to the way AISH payments are delivered may cause concern for some recipients; your FCSS coordinator can work directly with AISH recipients on this issue.
- The 2020-23 Fiscal Plan includes a note about developing a broadband strategy to support regional economic development, an item RMA has been advocating for.

CULTURE, MULTICULTURISM AND STATUS OF WOMEN

- Funding for Culture, Multiculturalism and Status of Women is \$246.7 million.
- The Ministry's priorities are advancing gender equality, multiculturalism, inclusion, and reducing red tape to support job creation in the creative and cultural industries. The Ministry is working with communities and all orders of government to address and prevent violence based on gender, violence against Indigenous women and girls, and violence against the LGBTQ2S+ community.

ECONOMIC DEVELOPMENT, TRADE AND TOURISM

- Funding for the Ministry of Economic Development, Trade and Tourism is \$290.3 million.
- Funding for Alberta Innovates Corporation decreased slightly from \$202.4 million to \$191.2 million.

- The Business Plan has indicated that one of the Ministry's objectives is to implement an investment and growth strategy to foster an economy that creates jobs and wealth while rebuilding Alberta's reputation as the best and most responsible place to do business. RMA is looking forward to working with the ministry and would like to be a part of the engagement sessions.

EDUCATION

- The total Education budget is \$4.8 billion.
- Student Transportation Services funding will increase from \$362.2 million to \$377.3 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 \$55.8 million to \$69 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 increased from the previous year's \$136.4 million to \$146.1 million.
- Funding for the Utilities Consumer Advocate has slightly decreased from \$8.1 million to \$7.2 million.
- The Coal Phase-Out Agreements are anticipated to cost \$96.9 million, which remains steady from the 2018-19 Budget.
 - \$7.4 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 2020-21 are:
 - Environment and ecosystem health and integrity
 - Sustainable economic development
 - Public well-being
 - Public health and safety from environmental conditions and events
- As the development of regional plans under the Land-Use Framework is set to continue, the budget for the Land-Use Secretariat has decreased slightly from \$5.2 million to \$5.1 million.

- Budget 2020-21 includes the Technology Innovation and Emissions Reduction (TIER) program to support new climate technologies for large emitters as of January 1, 2020. Funding for Technology Innovation and Emissions Reduction has decreased from \$100 million to \$51 million.
- Funding for the Alberta Municipal Water and Wastewater Partnership (AMWWP) has decreased from \$32 million to \$13.7 million.
- Funding for the Wetland Restoration Program is \$6.0 million.
- Funding for Flood Adaptation has decreased from \$15.6 million to \$11.4 million.
- Funding for Water for Life has increased from \$43.3 million to \$51.3 million.
- Funding for First Nations Water Tie-in Program has decreased from \$18.3 million to \$12.8 million.
- Funding for wildlife management has increased from \$22 million to \$41.4 million.
- Funding for fisheries management has increased from \$7.4 million to \$10.5 million.

HEALTH, SENIORS AND HOUSING

- \$15.4 billion has been budgeted for Alberta Health Services (AHS) operations. This is consistent with the previous budget. When AHS releases their implementation plan in response to their performance review, RMA will evaluate and share the potential impacts on rural healthcare with members.
- The Ministry of Seniors and Housing has been budgeted \$728 million, an increase of \$24 million. This includes \$421 million for the Alberta Seniors Benefit, an \$18 million increase from the previous year.
- The budget also provides \$172 million for programs delivered by the Alberta Social Housing Corporation (ASHC), a decrease of \$11 million from the previous budget year.
- The Seniors Property Tax Deferral Program budget is steady at \$8.2 million.
- Funding for Alberta Primary Care Networks is \$243 million, an increase of \$5 million.
- The government is launching a new Rural Health Facilities Revitalization Program (RHFRP) that will provide infrastructure upgrades across rural Alberta. This year the RHFRP will be funded at \$5 million.

INDIGENOUS RELATIONS

- Funding for Indigenous Relations is \$221.5 million.
- The First Nations Development Fund has increased from \$123 million to \$135 million.

JUSTICE AND POLICING

- Funding for provincial contract policing has increased from approximately \$263 million in 2019-20 to approximately \$280 million in 2020-21. This is likely due to the implementation of the new police costing model in which municipalities are required to contribute 10% of frontline policing costs under the Provincial Police Services Agreement in the 2020-21 provincial fiscal year. According to the Government of Alberta, the model will collect \$23.5 million in costs from municipalities in 2020-21, not including reductions after the application of various modifiers and subsidies. Additionally, the \$280 million amount above also includes police oversight, so determining the exact impact of the new police costing model on the budget amount is not possible with the information currently available.

- The Policing Assistance to Municipalities Grant was increased slightly from \$88.2 million in 2019-20 to \$89.2 million in 2020-21. This grant is provided to municipalities with a population above 5,000 to assist with municipal policing costs.
- Operating funding for criminal and youth prosecutions has decreased slightly from \$79.8 million in 2019-20 to \$78.5 million in 2020-21.
- The Alberta Justice and Solicitor General business plan includes several key objectives relevant to rural municipalities, including the following:
 - Improve law enforcement's rural crime response capability by increasing RCMP resources and creating the Rural Alberta Provincial Integrated Defence Force (the RAPID Force), which will allow provincial peace officers to better respond and assist the RCMP and other police services.
 - Work with policing partners and community stakeholders to address drivers of crime, including focused work on organized crime, drug trafficking, and proceeds of crime.
 - Continue to enhance protection of Albertans' property rights, including introducing new legislation.
 - Hire additional Crown prosecutors to ensure criminal matters are dealt with in a timely and appropriate manner

MUNICIPAL AFFAIRS

- The total Municipal Affairs budget is approximately \$1.43 billion.
- The Federal Gas Tax Fund will decrease from \$477 million to \$244 million as it returns to normal levels after a one-time federal doubling of Gas Tax transfers in 2019-20.
- The 2020-21 Municipal Sustainability Initiative (MSI) funding components are as follows:
 - The MSI capital component is funded at \$963 million (which includes Basic Municipal Transportation Grant [BMTG] funding).
 - The MSI capital component is funded at \$30 million.
- MSI funding is projected to decrease to a total of \$927 million in 2021-22, before the program is replaced with the Local Government Fiscal Framework in 2022-23. This reduction is consistent with the plan presented in the 2019 provincial budget.
- Alberta Community Partnership (ACP) funding holds steady at \$16.5 million, with the same amount projected for 2020-21 and 2021-22.
- Grants in Place of Taxes (GIPOT) has decreased from \$44.5 million in 2019-20 to \$30.1 million in 2020-21. This decrease is on top of a \$14.1 million decrease in the previous provincial budget. Over two budget years, GIPOT has decreased by nearly 50%, placing significant pressure on municipalities hosting provincial facilities and infrastructure.
- The Education Property Tax Requisition is forecast at \$2.6 billion, an increase of \$102 million from the 2019-20 requisition level. This significant increase in the requisition will further limit the ability of municipalities to increase taxes to address other cost pressure introduced by the province, such as police costing and upcoming reduction in grant funding through the new Local Government Fiscal Framework.

- The residential/farm rate has increased from \$2.56 to \$2.64 per \$1,000 of equalized assessment, and the non-residential rate has increased from \$3.76 to \$3.88 per \$1,000 of equalized assessment.
- Approximately \$10 million will be deducted from education property tax revenue in 2020-21 and 2021-22 to support the continuation of the Provincial Education Requisition Program (PERC).
- Alberta Emergency Management Agency operational funding has decreased significantly, from \$125.2 million in 2019-20 to \$77 million in 2020-21.
- The business plan for Alberta Municipal Affairs includes several objectives relevant to rural municipalities, including the following:
 - Work collaboratively with municipalities and industry to improve the consistency and efficiency of the property assessment system by completing the transition to the centralized model for designated industrial property assessment.
 - Work collaboratively with municipalities and municipal associations in continuing to offer and develop tools and programs to support well-managed, accountable, and sustainable municipalities, including strategies to address unpaid linear property taxes and promote effective municipal asset management practices.
 - Streamline regulatory requirements in municipal legislation and regulation that are hampering administrative efficiencies for municipalities, including a review of the regulations governing regional services commissions in the province. The proposed amendments will allow municipalities to be more responsive to the needs of their residents and businesses.
 - Develop new assessment models for wells, pipelines, and machinery and equipment for implementation in the 2021 tax year in order to modernize the regulated assessment system while promoting industry competitiveness and a predictable revenue base for municipalities.
 - Align the safety codes system to a quality assurance framework that enables partners to act autonomously while holding them accountable.
- The Alberta Municipal Affairs business plan includes an initiative in which the Ministry “will convene a working group with representation from other Government of Alberta ministries and external stakeholders (including the Alberta Industrial Heartland Association and the Northeast Capital Industrial Association) to develop a pilot project in the Edmonton region that will identify procedural efficiencies, and explore potential legislative changes to facilitate these pre-approved industrial zones throughout the province.”

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 \$15 million, a decrease of \$7.5 million from 2019-2020.
 - The 2020 capital plan identifies \$57 million in provincial funding to support municipal projects under the federal Investing in Canada Infrastructure Program (ICIP). RMA's understanding is that this funding is allocated to ICIP projects that have been approved at the provincial level and is based the use of existing provincial grant programs to cover the provincial portion of funding.
 - Federal Gas Tax funding has returned to \$244 million after a onetime doubling of the transfer from the federal government.
 - Funding for Water for Life has increased from \$43.3 million to \$51.3 million.
 - Funding for the Alberta Municipal Water and Wastewater Partnership (AMWWP) has decreased from \$32 million to \$13.7 million.
 - Funding for First Nation Water Tie-In Program has decreased from \$18.3 million to \$12.8 million.
 - As GreenTRIP wraps up, funding has decreased to \$59.8 million.
 - Provincial highway maintenance operations funding will be \$308 million.
 - Funding for the Small Communities Fund component of the Building Canada Fund has been eliminated, as all outstanding funds under the program were allocated in the 2019-20 budget year.