

# BACKGROUND: RMA Budget 2021 - 2022 Details

## PROVINCIAL FINANCES

- ◆ February 25, the Government of Alberta tabled Budget 2021 – Protecting lives and livelihoods, which includes three key focus areas:
  - ◇ Investment in healthcare
  - ◇ Preparing for recovery
  - ◇ Maintaining responsible spending
- ◆ Alberta’s estimated revenue is \$43.7 billion and is forecast to grow by an average of 7.9% over the following two years. Economic recovery is essential to revenue forecasting and the government has based their forecast on moderate recovery. Further, the Government of Alberta used the assumption of the West Texas Intermediate (WTI) oil price being forecast at US \$46 per barrel for 2021 - 2022.
- ◆ The Government of Alberta’s deficit is expected to be \$18.2 billion in the 2021 - 2022 fiscal year, with forecasts of \$8 billion deficit by the 2023 - 2024 fiscal year. This decline in deficit is anticipated as decreasing government expenses are anticipated as the pandemic subsides and government continues to explore streamlining service delivery and increase revenues due to economic recovery.
- ◆ In addition to infrastructure spending, the government has earmarked \$1.5 billion to support economic recovery through targeted strategies and economic diversification in a range of sectors, including agriculture, energy, technology, and tourism. Recognising the pandemic is ongoing, \$500 million has been earmarked as contingency funding to support emerging sector strategies as economic recovery continues.
- ◆ Non-renewable resource revenue is estimated at \$2.9 billion for 2021 - 2022 and forecast to be \$5.9 billion by 2023 - 2024.
- ◆ The Government of Alberta has continued to prioritize responsible spending, acknowledging that it is no longer feasible to balance the budget by 2022 - 2023. To foster continued fiscal prudence, the government will work to align per capita spending with other major provinces and re-establish a plan to balance the budget post-pandemic, in addition to keeping the net debt below 30% of GDP.

## ADVANCED EDUCATION

- ◆ Capital expansion and upgrading in post-secondary infrastructure decreased from \$149.8 million in 2020 - 2021 to \$85.2 million in 2021 - 2022.
- ◆ Capital maintenance and renewal of post-secondary infrastructure increased from \$118.5 million in 2020 - 2021 to \$151.4 million in 2021 - 2022.

## AGRICULTURE AND FORESTRY

- ◆ The Ministry of Agriculture and Forestry’s business plan lists several key outcomes including:
  - ◇ Increased investments, expanded trade, and enhanced business development in Alberta’s agriculture and forest sectors supports economic growth and recovery in Alberta.
  - ◇ Alberta’s competitive business environment provides a strong foundation for resilient agriculture and forest sectors.
  - ◇ Robust assurance systems and effective resource management practices support agriculture and forest sector success and protect public safety.
- ◆ Irrigation infrastructure will receive \$42 million in 2021 - 2022, up from \$10 million in 2020 - 2021. This is part of a long-term plan to invest \$245 in irrigation infrastructure projects. This represents a substantial increase in provincial government investment into irrigation infrastructure projects.

- ◆ Funding for agricultural societies will remain steady at \$11 million.
- ◆ Canadian Agricultural Partnership (CAP) funding remains flat at \$31 million.
- ◆ Agriculture Income Support is estimated to stay level at \$43.5 million.
- ◆ \$37 million in annual funding will be provided to the Results Driven Agriculture Research (RDAR) organization.
- ◆ In a change to how contingency funding is reported in the Fiscal Plan, funding for unanticipated spending as a result of disaster or in emergency assistance is grouped together. This includes funding for fighting wildfires, crop insurance, and flood recovery. In 2021 - 2022 the contingency funding for these elements will be \$750 million.
- ◆ Operating funding for Agricultural Services Boards remains relatively stable at \$8.5 million.
- ◆ The Mountain Pine Beetle Management Program will receive \$49 million in 2021 - 2022.
- ◆ At time of analysis, staff were unable to confirm the status of the FireSmart program.

## COMMUNITY SERVICES

- ◆ The operating budget for the Alberta First Responders Radio Communication System (AFRRCS) will remain stable at \$17 million in 2021 - 2022.
- ◆ Family and Community Support Services (FCSS) funding remains stable at \$100 million.
- ◆ Community Initiatives Program funding is increased by \$17.3 million to \$37 million.
- ◆ Funding for library services remains steady at approximately \$37 million in 2020 - 2021.
- ◆ Funding for the Community Facility Enhancement Program (CFEP) will decrease to \$18.5 million from \$25 million.
- ◆ Funding for the Assured Income for the Severely Handicapped (AISH) program remains relatively stable at \$1.36 billion.
- ◆ The 2021 - 2024 Fiscal Plan includes a note about developing a broadband strategy to close the gap between rural and urban communities and encourage economic development, an item RMA has been advocating for.

## CULTURE, MULTICULTURISM AND STATUS OF WOMEN

- ◆ Funding for the Ministry of Culture, Multiculturalism and Status of Women is \$225.8 million.
- ◆ The Ministry's priority is to strive to create an Alberta where all peoples and communities have access to social and economic participation and opportunities, while supporting the arts and cultural industries, recreation, heritage, multiculturalism, and the provision of government services in French. Many of these sectors and organizations have been negatively affected by COVID-19 and assisting them in rebuilding and adapting to new and innovative ways of doing their work will support economic recovery.

## DISASTER AND EMERGENCY ASSISTANCE

- ◆ The Financial Administration Act was amended by the Ensuring Fiscal Sustainability Act introduced with Budget 2019, introducing a transferable expense supply vote (Contingency). The \$750 million for Contingency and disaster and emergency assistance voted in Treasury Board and Finance in Budget 2019 and Budget 2020, replaced the previous unallocated and not voted \$450 million provision for emergencies and disasters.
- ◆ The 2021 - 2022 budget documents identify that spending eligible for the Contingency include disasters and emergencies, such as wildfires and floods and any unanticipated priorities in the public interest that cannot wait until the next fiscal year and budget.

- ◆ The Contingency amount is intended to address unanticipated spending under a department from the General Revenue Fund (GRF), requiring a transfer of appropriation authority, or an entity such as the Agriculture Financial Services Corporation (AFSC) that has its own statutory spending authority.
- ◆ In Budget 2021 - 2022, a general amount of \$750 million is allotted as unallocated for Treasury Board as Contingency, with no specific budget numbers dedicated Agriculture and Forestry for agriculture indemnities and Municipal Affairs for flood recovery programs.

## EDUCATION

- ◆ The total budget for Alberta Education has increased by nearly \$100 million, from \$4.81 billion in 2020 - 2021 to \$4.91 billion in 2021 - 2022.
- ◆ Student Transportation Services funding will remain steady at \$377.3 million.

## ENERGY

- ◆ Alberta Energy's business plan identifies a number of outcomes of interest to RMA members:
  - ◇ Albertans benefit from investment in responsible energy and mineral development and access to global markets.
  - ◇ Effective stewardship and regulation of Alberta's energy and mineral resources
- ◆ \$208 million is allocated to the Alberta Energy Regulator.
- ◆ Orphan Well Abandonment program funding has increased from \$69 million to \$74 million, due to a combination of an increased number of orphan wells and more efficient administration of the program.
- ◆ \$452 million is allocated for the Site Rehabilitation Program.
- ◆ Funding for the Canadian Energy Centre has been included under Technology Innovation and Emissions Reduction program. \$125 million is allocated between Deficit Reduction and the Canadian Energy Centre and Budget 21 is not clear on the specific breakdown of funding between the programs.
- ◆ Provincial funding of carbon capture and storage initiatives has decreased from the previous year's \$146.1 million to \$58.9 million.
- ◆ Funding for the Utilities Consumer Advocate has slightly decreased from \$7.2 million to \$6.8 million.
- ◆ The Coal Phase-Out Agreements are anticipated to cost \$96.9 million, which remains steady from the 2019 - 2020 Budget.
- ◆ \$18.5 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 2021 - 2022 are:
  - ◇ Environment and ecosystem health and integrity support Albertans' well-being.
  - ◇ Sustainable economic development is achieved within environmental capacity.
  - ◇ Albertans and visitors have enjoyable and safe experiences where they live, work, and play in Alberta's outdoors.
- ◆ As the development of regional plans under the Land-Use Framework is set to continue, the budget for the Land-Use Secretariat has remained the same at \$5.1 million.
- ◆ Technology Innovation and Emissions Reduction (TIER) funding has increased from \$51 million to \$93 million.
- ◆ Funding for the Municipal Water and Wastewater Partnership is \$75 million, which is a significant increase in budgeted amount from the 2020 - 2021 year. We believe this increase is likely carryover from unspent amounts this fiscal year.

- ◆ The Watershed Resiliency and Restoration Program continues to provide benefit with \$11 million in funding.
- ◆ Funding for Flood Adaptation has slightly decreased from \$11.4 in the previous budget million to \$11.1 million in 2021 - 2022.
- ◆ The 2021 - 2022 budget includes decreased funding for Water for Life from \$51.3 million to \$42 million.
- ◆ Funding for the First Nations Water Tie-in Program has decreased from \$12.8 million to \$7.4 million.
- ◆ Funding for wildlife management has decreased from \$41.4 million to \$34.9 million.
- ◆ There is a very slight decrease in funding for fisheries management from \$10.5 million to \$10.4 million.
- ◆ Combined operating and capital for caribou recovery planning and actions are allocated \$34.8 million in 2021 - 2022.
- ◆ The AEP Ministry Business plan identifies a key objective is to improve recreational access management through effective engagement and a modern and integrated approach to Crown lands management (including public lands and parks), the implementation of the Alberta Trails Act and establishment of a sustainable recreation funding framework. To support this, Budget 2021 - 2022 includes \$15.4 million allocated for environmental enforcement to ensure public safety and lawful use of crown lands.

## HEALTH, SENIORS AND HOUSING

- ◆ \$16 billion has been budgeted for Alberta Health Services (AHS) operations. This represents small growth from \$15.4 billion in 2020 - 2021.
- ◆ The Ministry of Seniors and Housing has an operating budget of \$673 million, an increase of \$6 million from 2020 - 2021. This includes \$450 million for the Alberta Seniors Benefit, a \$28 million increase from the previous year.
- ◆ The budget also provides \$182 million for programs delivered by the Alberta Social Housing Corporation (ASHC), an increase of \$9 million from the previous budget year.
- ◆ Though not reported in the budget specifically, RMA staff requested information on the Seniors Property Tax Deferral Program budget, which is steady at \$8 million.
- ◆ Though not reported in the budget specifically, RMA staff requested information funding for Alberta Primary Care Networks is \$240 million, a decrease of \$3 million.
- ◆ Funding for the Rural Health Facilities Revitalization Program (RHFRP), which will provide infrastructure upgrades across rural Alberta is increasing to \$15 million from \$5 million. This includes projects in High Prairie, Fort McMurray, Grande Prairie, La Crete, and Lloydminster.

## INDIGENOUS RELATIONS

- ◆ Funding for Indigenous Relations is \$214.6 million.
- ◆ The First Nations Development Fund has decreased from \$135 million to \$123 million.

## JOBS, ECONOMY, AND INNOVATION

- ◆ The Business Plan has indicated that Jobs, Economy, and Innovation is leading Alberta's economic recovery efforts in the wake of the COVID-19 pandemic, a global economic recession, and the worldwide collapse in oil prices. The following key performance measures for 2021 - 2022 are:
  - ◇ Alberta's economy is recovering.
  - ◇ Investment and trade are driving Alberta's economic recovery.
- ◆ Funding for the Ministry of Jobs, Economy, and Innovation is \$380 million.
- ◆ Funding for Alberta Innovates Corporation has increased to \$251 million.
- ◆ \$361.5 million will be provided over three years for the ministry to support Alberta's Recovery Plan.

## JUSTICE AND POLICING

- ◆ Funding for provincial contract policing has increased from approximately \$280 million in 2020 - 2021 to approximately \$289 million in 2021 - 2022. This is likely due to the implementation of the new police costing model in which municipalities are required to contribute 15% of frontline policing costs under the Provincial Police Services Agreement in the 2021 - 2022 provincial fiscal year, a 5% increase in municipal contributions compared to 2020 - 2021. According to the Government of Alberta, the model will collect \$34.9 million in costs from municipalities in 2021 - 2022, not including reductions after the application of various modifiers and subsidies. Additionally, the \$289 million amount above also includes police oversight.
- ◆ The Policing Assistance to Municipalities Grant remained steady at \$88.2 million in 2021 - 2022. This grant is provided to municipalities with a population above 5,000 to assist with municipal policing costs.
- ◆ The Alberta Justice and Solicitor General business plan includes several key objectives relevant to rural municipalities, including the following:
  - ◇ Continue to work with policing partners and municipal leaders to address drivers of crime, such as establishing crime reduction units in rural Alberta, focused work on organized crime, drug trafficking, and proceeds of crime.
  - ◇ Review the delivery of policing services in the province, including a feasibility study of a provincial police service, to ensure Albertans feel safe and confident in their communities.
  - ◇ Introduce key democratic reforms, including recall legislation, to strengthen government accountability.
  - ◇ Introduce a new model of victim service delivery.
- ◆ The Alberta Justice and Solicitor General business plan includes the following update on progress being made to hire 50 additional Crown prosecutors, an initiative first introduced in a previous budget:
  - ◇ The ministry is working to hire a total of 50 new Crown prosecutors, additional support staff, and is expanding its articling program to 20 law students. To date, 20 new prosecutors have been hired and 16 articling students have been accepted. Once complete, this will be an investment of approximately \$10 million each fiscal year.
- ◆ The Alberta Justice and Solicitor General business plan includes an initiative to fund the Rural Alberta Provincial Integrated Defence Response (RAPID Response) to expand the authority of peace officers to respond to calls and assist police service in emergency situations.

## MUNICIPAL AFFAIRS

- ◆ The total Municipal Affairs budget has increased from approximately \$1.43 billion to \$1.7 billion. This is mainly due to the front-loading of MSI funding for the 2021 - 2022 budget year.
- ◆ The Municipal Sustainability Initiative (MSI) program was set to expire and be replaced by the Local Government Fiscal Framework (LGFF) following the 2020 - 2021 budget year. It has been extended for two additional years and is now scheduled to expire after the 2023 - 2024 budget year. At this point, the Government of Alberta still plans to replace the MSI program with the LGFF upon its expiry.
- ◆ MSI capital funding is increasing significantly for the 2021 - 2022 budget year, from \$963 million in 2020 - 2021 to \$1.12 billion in 2021 - 2022. However, MSI capital funding will be reduced to just \$485 million in 2022 - 2023 and 2023 - 2024. This represents an overall average reduction of 25% per year for the next three budget years compared to 2020 - 2021 funding levels.
- ◆ MSI operating funding is remaining steady at \$30 million and is expected to remain at that level for 2022 - 2023 and 2023 - 2024.

- ◆ Alberta Community Partnership (ACP) funding has increased from \$16.5 million in 2021 to \$25.4 million in 2021 - 2022. The increased ACP funding is intended to support municipalities in addressing increased administrative costs due to the upcoming referendum questions and senate elections that will be included in the municipal election process.
- ◆ Grants in Place of Taxes (GIPOT) remain steady at approximately \$30 million after being significantly reduced in the previous budget.
- ◆ The Education Property Tax Requisition revenue is forecast at \$2.5 billion, as the requisition rate has been frozen and remains the same as in 2019 - 2020 and 2020 - 2021.
- ◆ As property assessments have fallen slightly, minor adjustments to the education property tax mill rates are required:
  - ◇ The residential / farm rate has increased from \$2.55 to \$2.56 per \$1,000 of equalized assessment, and the non-residential rate has increased from \$3.75 to \$3.76 per \$1,000 of equalized assessment.
- ◆ The Provincial Education Requisition Credit (PERC) and Designated Industrial Requisition Credit (DIRC) programs will be continued in the 2021 - 2022 budget year.
- ◆ Alberta Emergency Management Agency operational funding has increased from \$77 million in 2020 - 2021 to \$110.2 million in 2021 - 2022.
- ◆ The business plan for Alberta Municipal Affairs includes several objectives relevant to rural municipalities, including the following:
  - ◇ Streamline regulatory requirements in municipal legislation that are hampering administrative efficiencies for municipalities and industry in order to encourage economic growth, including a review of land-use planning and development processes, requirements, and timelines.
  - ◇ Work with municipalities to reduce municipal red tape and impediments to economic growth that may be a barrier to investment, to ensure that communities are well-positioned to support economic recovery.
  - ◇ Implement assessment and tax incentives designed to encourage new investment in the oil and gas sector.
- ◆ The “Reducing Red Tape” objective of the Government of Alberta’s 2021 - 2024 Strategic Plan includes an action to continue an ongoing review of the *Municipal Government Act* to “reduce [the] regulatory burden and streamline provisions hampering administrative efficiencies for municipalities, citizens, businesses, and industry.”
- ◆ The Government of Alberta has created a new contingency allocation for disasters and emergencies, which includes \$160 million for Municipal Affairs to support possible flood recovery if communities are impacted by flooding during the 2021 - 2022 budget year.

## TRANSPORTATION AND INFRASTRUCTURE

- ◆ The Strategic Transportation Infrastructure Program (STIP) increases to \$43 million, which is comparable to 2020 - 2021 funding including the economic stimulus funding. STIP is set to decrease to \$25 million in 2023 - 2024.
- ◆ Provincial spending related to all streams of the Investing in Canada Infrastructure Program has increased significantly compared to the 2020 - 2021 budget year. This reflects an expectation that remaining municipal applications under ICIP will be approved and construction will begin in 2021 - 2022, as the increased provincial costs reflect provincial cost-share responsibilities under ICIP. Provincial costs in this area are present in the ministries of Municipal Affairs, Transportation, Indigenous Relations, and Culture, Multiculturalism and Status of Women and total \$239 million.

- ◆ Federal Gas Tax funding is estimated to be \$255 million, an increase of \$11 million for the transfer from the federal government.
- ◆ As GreenTRIP wraps up, funding has decreased to \$30 million from \$59.8 million.
- ◆ Provincial highway maintenance and preservation funding will be \$314 million, an increase of \$6 million.