

BACKGROUND: RMA Budget 2022 Details

PROVINCIAL FINANCES

- ◆ On February 25, the Government of Alberta tabled Budget 2022, which focuses on Alberta's economic growth through investment in Alberta's labour market, strengthening healthcare, and continued commitment to fiscal prudence.
- ◆ Alberta's estimated revenue is \$62.6 billion, an increase from last year's budget of \$43.7 billion. This increase is a result of high commodity prices and production growth, strengthening corporate income tax, increases for federal transfers, and other tax revenue. The Government of Alberta used the assumption of the West Texas Intermediate (WTI) oil price being forecast at US \$70 per barrel for 2022 - 2023.
- ◆ Estimated operating expenses are \$50 billion, plus an additional \$1 billion for disaster and emergency assistance and \$750 million for continued COVID-19 response.
- ◆ With this, the Government of Alberta is anticipating a surplus of \$500 million, with surpluses of \$900 million and \$700 million projected in the next two years. Budget 2014 - 2015 was the last time a surplus was anticipated.
- ◆ Real gross domestic product (GDP) grew an estimated 5.8% in 2021 across multiple sectors and is forecast to grow at a pace of 5.4% in 2022.
- ◆ The Government of Alberta recognizes that the COVID-19 pandemic required unprecedented response; however, Budget 2022 reports that progress has been made on several recommendations from the MacKinnon Panel report that were included in Budget 2019. The Government of Alberta remains committed to bringing per capita spending in line with comparator provinces, reporting that Budget 2022 shows that Alberta will be within projected spending range for comparator provinces in 2022 - 2023, with progress continuing to reduce spending relative to other provinces by 2024 - 2025.

ADVANCED EDUCATION

- ◆ Capital expansion and upgrading in post-secondary infrastructure increased from \$85.2 million in 2021 - 2022 to \$100.5 million in 2022 - 2023.
- ◆ Capital maintenance and renewal of post-secondary infrastructure decreased \$151.4 million in 2021 - 2022 to \$109.3 million in 2022 - 2023.

AGRICULTURE AND FORESTRY

- ◆ The Ministry of Agriculture, Forestry and Rural Development's business plan includes several objectives relevant to RMA members including:
 - ◇ Ensure long-term access to a sustainable and secure fibre supply by implementing the Forest Jobs Action Plan.
 - ◇ Deliver agricultural insurance products to give producers tools to reduce agricultural production risks.
 - ◇ Expand irrigation infrastructure to increase crop production to support Alberta's economic recovery plan.
- ◆ Irrigation infrastructure will receive \$166 million in funding over the next three years. This is part of a long-term plan bring an additional 230,000 acres into irrigation.
- ◆ Funding for agricultural societies will remain steady at \$11 million.
- ◆ Canadian Agricultural Partnership (CAP) funding increases to \$35 million from \$31 million in 2021 - 2022.
- ◆ Agriculture Income Support is estimated to stay level at \$89 million.

- ◆ \$37 million in annual funding will be provided to the Results Driven Agriculture Research (RDAR) organization. This is consistent with the previous budget.
- ◆ Contingency, disaster, and emergency assistance funding is grouped together. This includes funding for fighting wildfires, crop insurance, and flood recovery. In 2022 - 2023 the contingency funding for these elements will be \$1 billion, an increase of \$250 million from the previous year.
- ◆ Operating funding for agricultural service boards remains stable at \$8.9 million.
- ◆ The Mountain Pine Beetle Management Program will receive \$55 million in 2022 - 2023, with \$30 million in provincial funding and the remainder coming from the federal government. This is an increase of \$6 million from the previous budget.
- ◆ \$59 million is allocated to the University of Calgary Veterinary Medicine Expansion to help address the shortage of large animal veterinarians across the province.

COMMUNITY SERVICES

- ◆ The operating budget for the Alberta First Responders Radio Communication System (AFRRCS) will remain stable at just over \$17 million in 2022 - 2023.
- ◆ Family and Community Support Services (FCSS) funding remains stable at \$100 million.
- ◆ Community Initiatives Program funding has decreased from \$37 million to \$20.5 million.
- ◆ Funding for library services remains steady at approximately \$37 million in 2021 - 2022.
- ◆ Funding for the Community Facility Enhancement Program (CFEP) has increased from \$18.5 million to \$38.5 million.
- ◆ Funding for the Assured Income for the Severely Handicapped (AISH) program increases slightly to \$1.37 billion.
- ◆ \$320 million has been allocated over the next three years to build high-speed broadband networks to provide internet access to all Albertans.

CULTURE AND STATUS OF WOMEN

- ◆ Funding for Culture and Status of Women is \$260 million.
- ◆ According to its business plan:
 - The Ministry is committed to building a vibrant cultural sector by supporting the development and sustainability of Alberta's creative and cultural industries, art communities, heritage sites, and the provision of government services in French. Many Albertans and sectors supported by Culture and Status of Women are recovering from the economic and social impacts of COVID-19 and the Ministry is developing strategies to support organizations and businesses as they rebuild and thrive for years to come.

EDUCATION

- ◆ The total budget for Alberta Education has increased by about \$100 million, from \$4.91 billion in 2021 - 2022 to \$5.01 billion in 2022 - 2023.
- ◆ Student Transportation Services funding increases from \$377.3 million in 2021 - 2022 to \$386.1 million in 2022 - 2023.

ENERGY

- ◆ Alberta Energy's business plan identifies a number of objectives of interest to RMA members:
 - ◇ Continuing to implement the natural gas vision and strategy, including opportunities in liquefied natural gas, investments in petrochemical manufacturing, creating conditions for deployment of hydrogen across the provincial economy, and development of the circular plastics economy.

- ◇ Collaborate with other ministries to maintain and strengthen a balanced, sustainable approach to managing the cumulative effects of resource development, including the ongoing implementation of liability management activities.
- ◆ The Alberta Energy Regulator in 2022 - 2023 has an allocation of \$219 million, an increase of \$9 million from 2021 - 2022.
 - ◇ \$41 million is allocated to the Alberta Energy Regulator over the next three years to establish new regulatory frameworks for geothermal and mineral resources.
- ◆ The Alberta Utilities Commission in 2022 - 2023 has an allocation of \$31 million.
- ◆ Orphan Well Abandonment program funding has increased from \$74 million to \$78.5 million.
- ◆ Provincial funding for the Site Rehabilitation Program has decreased from \$452 million to \$297 million.
- ◆ Provincial funding of carbon capture and storage initiatives is \$58.9 million, which remains steady from the 2021 - 2022 budget.
- ◆ Funding for the Utilities Consumer Advocate has slightly decreased from \$6.8 million to \$6.6 million.
- ◆ The Coal Phase-Out Agreements are anticipated to cost \$96.9 million, which remains steady from the 2020 - 2021 Budget.
- ◆ \$9 million is allocated for the Coal Workforce Transition Program.

ENVIRONMENT AND PARKS

- ◆ Alberta Environment and Parks' business plan identifies a number of objectives of interest to RMA members:
 - ◇ Effectively balance environmental, economic, and social concerns through Crown land management modernization; integrated policy development; and collaborative and integrated regional, sub-regional environmental, and parks management planning
 - ◇ Complete the integrated regulatory assurance system transformation to enhance Alberta's environmental approval and compliance processes while reducing the administrative, regulatory and process burdens.
 - ◇ Ensure all major environmental protection proposals undergo social-economic impact assessments to support the appropriate balance between economic growth and environmental protection.
 - ◇ Address reclamation and remediation responsibilities with improved contaminated site management, liability management policies, reclamation security payment options, and broader land reclamation outcomes policy work.
 - ◇ Effectively work to mitigate the adverse effects of flood and drought, and manage water supply through government owned or operated water management and monitoring infrastructure.
- ◆ \$9.8 million is allocated to land-use planning and stewardship tools.
- ◆ \$15.4 million is allocated to Crown land environmental enforcement.
- ◆ Funding for Technology Innovation and Emissions Reduction has increased from \$93 million to \$136.7 million.
- ◆ Funding for the Digital Regulatory Assurance System build continues with \$8.2 million.
- ◆ Funding for the Municipal Water and Wastewater Program decreased from \$75 million to \$61.7 million.
- ◆ Funding for Watershed Resiliency and Restoration Program has decreased from \$11 million to \$3.5 million.
- ◆ Funding for flood adaptation is \$11.1 million, which remains steady from the 2021 - 2022 Budget.
- ◆ \$48.5 million is allocated to flood mitigation and resilience in combined operating and capital funding in 2022 - 2023.
- ◆ Funding for Water for Life has decreased from \$42 million to \$37.3 million.
- ◆ Funding for the First Nations Water Tie-in Program has increased from \$7.4 million to \$30.2 million.

- ◆ Funding for wildlife management has decreased from \$34.9 million to \$28.6 million.
- ◆ Funding for fisheries management has slightly increased from \$10.4 million to \$10.7 million.
- ◆ \$15.7 million is allocated for caribou recovery planning and actions.

HEALTH, SENIORS AND HOUSING

- ◆ \$15.1 billion has been budgeted for Alberta Health Services (AHS) operations. This represents a 3.3% increase from the 2021 - 2022 forecast. Note this excludes spending related to COVID-19.
- ◆ Funding for emergency medical services will increase by \$64 million to \$587 million in 2022 - 2023.
- ◆ Alberta will spend \$90 million per year to address rural physician recruitment and retention. This includes \$6 million over the next three years to bring 60 new physicians to 15 pre-identified rural and remote communities.
- ◆ The Ministry of Seniors and Housing has an operating budget of \$664 million, a decrease of \$9 million from 2021 - 2022. This is primarily driven by a decrease in demand for the Alberta Seniors Benefit program.
- ◆ The budget provides \$184 million for programs delivered by the Alberta Social Housing Corporation (ASHC), an increase of \$2 million from the previous budget year.
- ◆ Funding for the Rural Health Facilities Revitalization Program (RHFRP), which will provide infrastructure upgrades across rural Alberta, is funded at \$15 million. This is in line with the previous year.
- ◆ \$118 million is allocated to begin implementation of *Stronger Foundations: Alberta's ten-year strategy to improve and expand affordable housing*. The strategy's goal is to transform the province's affordable housing system to address growing demand, increase long-term financial sustainability, and improve accessibility for Albertans with low income.

INDIGENOUS RELATIONS

- ◆ 2022 - 2023 funding for Indigenous Relations is \$184 million, a decrease from \$217 million in the previous year. This includes over \$8 million for the Alberta Indigenous Opportunities Corporation.
- ◆ The First Nations Development Fund has decreased from \$123 million to \$113 million.

JOBS, ECONOMY, AND INNOVATION

- ◆ Funding for the Ministry of Jobs, Economy and Innovation has increased from \$380 million to \$468 million.
- ◆ Funding for Alberta Innovates Corporation has decreased slightly from \$251 million to \$246.2 million.
- ◆ \$401.1 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 \$289 million in 2021 - 2022 to approximately \$343 million in 2022 - 2023.
- ◆ The Policing Assistance to Municipalities Grant remained steady at \$89.2 million in 2022 - 2023. This grant is provided to municipalities with a population above 5,000 to assist with municipal policing costs.
- ◆ Funding for the Alberta Sheriffs increased to \$94.8 million from \$85 million. Additionally, funding to address organized and serious crime also increased from \$28.6 million to \$35.3 million.
- ◆ The Alberta Justice and Solicitor General business plan includes several key objectives relevant to rural municipalities, including the following:
 - ◇ Review the delivery of policing services in the province, including further examination of a provincial police service, to ensure Albertans feel safe and confident in their communities
 - ◇ Continue to implement key democratic reforms to strengthen government accountability, including drafting and proclaiming regulations under the *Recall Act* and the *Citizen Initiative Act*.
 - ◇ 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, 40 new prosecutors have been hired and 20 articling students have been accepted. Once complete, this will be an investment of approximately \$10 million each fiscal year.

MUNICIPAL AFFAIRS

- ◆ The total Municipal Affairs budget has decreased significantly from \$1.7 billion in 2021 - 2022 to \$980 million in 2022 - 2023. This is mainly due to the significant reduction in MSI capital funding after last year's frontloading.
- ◆ The Municipal Sustainability Initiative (MSI) will continue for the 2022 - 2023 and 2023 - 2024 fiscal years, with capital amounts of \$485 million each year. MSI will be replaced by the Local Government Fiscal Framework (LGFF) in 2024 - 2025, with \$722 million provided in the first year of the LGFF.
- ◆ The \$485 million in MSI capital funding for 2022 - 2023 and 2023 - 2024 is the result of a three-year MSI approach in which funding was frontloaded in 2021 - 2022 at a level of \$1.12 billion. The three-year average funding level between 2021 - 2022 and 2023 - 2024 represents an overall average reduction of 25% per year compared to 2020 - 2021 funding levels.
- ◆ MSI operating funding is remaining steady at \$30 million and is expected to remain at that level for 2023 - 2024.
- ◆ Alberta Community Partnership (ACP) funding has decreased from \$25.4 million in 2021 - 2022 to \$15.4 million in 2022 - 2023. The previous year's higher amount was to support municipalities in preparing for the administration of local authority elections. The 2022 - 2023 amount is similar to the amount in 2020 - 2021.
- ◆ Grants in Place of Taxes (GIPOT) remain steady at approximately \$30 million.
- ◆ The Education Property Tax Requisition revenue is forecast at \$2.5 billion, as the requisition rate has increased by 1.5% from 2021 - 2022.
- ◆ To increase the amount of funding gathered for Alberta's education system, the Government of Alberta has increased the mill rates used to determine the education property tax requisition:
 - ◇ The residential / farm rate has increased from \$2.56 to \$2.65 per \$1,000 of equalized assessment, and the non-residential rate has increased from \$3.76 to \$3.90 per \$1,000 of equalized assessment.
- ◆ Alberta Emergency Management Agency operational funding has decreased from \$110.5 million in 2021 - 2022 to \$102 million in 2022 - 2023.
- ◆ The business plan for Alberta Municipal Affairs includes several objectives relevant to rural municipalities, including the following:
 - ◇ Streamline regulatory requirements in municipal legislation for municipalities and industry in order to encourage economic growth and improve the efficiency and accountability of local government.
 - ◇ 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.
 - ◇ Work with industry and municipal stakeholders to modernize the assessment models for regulated property.
 - ◇ Enhance municipal service delivery through regional cooperation and growth management boards.
 - ◇ Lead the implementation of a provincial hazard identification and risk assessment framework to help inform disaster risk reduction decision-making.

- ◇ Work with municipalities to deliver timely and fiscally-responsible disaster recovery programs that help Albertans impacted by disaster.
- ◆ Support for 911 call centres has increased significantly from \$20.5 million in 2021 - 2022 to \$43.7 million in 2022 - 2023. It is unclear whether this funding will be used to support public safety answering points (PSAPs) in adapting to new technological requirements associated with a transition to next generation 911.

RURAL ECONOMIC DEVELOPMENT

- ◆ The Ministry of Agriculture, Forestry and Rural Development's business plan includes several objectives relevant to RMA members including:
 - ◇ Attract investment and increase value-added product development to support the Agri-food Sector Investment and Growth Strategy.
 - ◇ Develop and implement a Government of Alberta rural economic development plan to help create the conditions for ongoing economic success in rural communities.
 - ◇ Support socio-economic development in rural Alberta by maintaining and enhancing rural infrastructure and realizing new economic opportunities.
- ◆ The Budget 2022 Strategic Plan identifies two actions relevant to rural economic development:
 - ◇ Implement a Rural Economic Development Action Plan to help increase economic development capacity and opportunities of rural communities and improve conditions for ongoing economic success (priority two, objective one).
 - ◇ Deliver the Investment and Growth Fund, including a new funding stream focused on increasing investment in rural Alberta, to encourage new, high-impact, private-sector investments that will create good jobs and diversify our economy (priority two, objective two).

TRANSPORTATION AND INFRASTRUCTURE

- ◆ Funding for the Strategic Transportation Infrastructure Program (STIP) decreases from \$43 million to \$35 million and is forecasted to decrease further to \$25 million per year in 2023 - 2024 and 2024 - 2025.
- ◆ Funding for GreenTRIP has decreased from \$30 million to \$17.9 million.
- ◆ Canada Community-Building Fund (formerly known as the Gas Tax Fund) funding is estimated to be \$255 million which remains steady from 2021 - 2022.
- ◆ Provincial highway maintenance funding has increased from \$314 million to \$345 million.