

February 25, 2022

Alberta Budget 2022 - 2023: RMA Initial Analysis

The Government of Alberta has released [Budget 2022: Moving Forward](#) for the 2022 - 2023 fiscal year and the [2022 - 2025 Fiscal Plan](#).

RMA President Paul McLaughlin's initial reaction to the 2022 - 2023 provincial budget is as follows:

Alberta's rural municipalities recognize the need for the Government of Alberta to spend responsibly to maintain the province's path to balance as the economy recovers. However, rural municipalities have immense responsibility in managing extensive road and bridge infrastructure that supports getting resources to markets, providing benefit to the province's economic bottom line. This budget has entrenched ongoing reductions to the Municipal Sustainability Initiative (MSI) through continued funding reductions that will limit needed infrastructure investment. Budget 2022 includes a reduction to the Strategic Transportation Infrastructure Program (STIP), which will further stretch municipal budgets. We look forward to future discussions with the Government of Alberta on a long-term predictable funding program through the Local Government Fiscal Framework in future budgets to better support planned investment in municipal capital projects.

There are several positives included in Budget 2022 that will benefit rural Alberta. Recognizing the gap in needed resources for large animal veterinarian services is welcomed with the addition of more seats in the Calgary Veterinarian Program. In addition, the three-year commitment for broadband investment will support much needed access in rural areas. RMA is also pleased by the decision to maintain funding levels for the Alberta Municipal Water Wastewater Program (AMWWP) to support needed investment in municipal water and wastewater projects.

For a full breakdown of the budget and estimates, visit the [Government of Alberta's Budget 2022 webpage](#).

The following are details of the 2022 - 2023 budget that will be important for RMA members:

- ◆ 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. Estimated operating expenses are \$50 billion, which does not include addition items such as \$1 billion for disaster and emergency assistance and \$750 million for continued COVID-19 response.
- ◆ The Government of Alberta is anticipating a surplus of \$500 million.
- ◆ 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.
- ◆ \$320 million has been allocated over the next three years to build high-speed broadband networks to provide internet access to all Albertans.

- ◆ 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.
- ◆ 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.
- ◆ Funding for provincial contract policing has increased from approximately \$289 million in 2021 - 2022 to approximately \$343 million in 2022 - 2023. This is likely due to the new police funding model that requires all municipalities pay a portion of the policing costs. The portion for 2022 - 2023 is 20%, a 5% increase from 2020 - 2021. According to the Government of Alberta, the model will collect approximately \$38 million from municipalities 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.

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. You can [view the complete budget and its supporting documents online](#).

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