

BACKGROUND: RMA Budget 2023 Details

PROVINCIAL FINANCES

- ◆ On February 28, the Government of Alberta tabled Budget 2023, which focuses on strengthening healthcare, supporting Albertans, keeping Albertans and communities safe, boosting Alberta's advantage, and responsible fiscal management.
- ◆ Alberta's estimated revenue is \$70.7 billion, an increase from last year's budget of \$62.6 billion. This increase is a result of high commodity prices and production growth, increasing demand and reduced international sources for oil and gas due to global instability, and increased corporate income taxes linked to higher commodity prices.
- ◆ Estimated operating expenses are \$57 billion, a \$5.5 billion increase from last year.
- ◆ With this, the Government of Alberta is anticipating a surplus of \$2.4 billion, with surpluses of \$2 billion and \$1.4 billion projected in the next two years.
- ◆ Real gross domestic product (GDP) grew an estimated 4.8% in 2022 and is forecast to grow at a pace of 2.8% in 2023-24, which will lead the country.
- ◆ Net debt to GDP has decreased from a budgeted amount of 16.7% in 2022-23 to an estimated 10.2% in 2023-24. This is projected to continue to decline over the next two years.

ADVANCED EDUCATION

- ◆ Capital expansion and upgrading in post-secondary infrastructure decreased from \$100.5 million in 2022 - 2023 to \$74 million in 2023 - 2024.
- ◆ Capital maintenance and renewal of post-secondary infrastructure increased from \$109.3 million in 2022 - 2023 to \$149.1 million in 2023 - 2024.

AGRICULTURE AND IRRIGATION

- ◆ The Ministry of Agriculture and Irrigation's business plan includes several objectives relevant to RMA members including:
 - ◇ Continue to invest in the expansion and improvement of the irrigation network in Alberta to maintain Alberta's standing as a global leader in food development and distribution, including new irrigation project opportunities.
 - ◇ Develop and implement a competitive agri-food and value-added processing and manufacturing program that will make Alberta more competitive with competing jurisdictions.
 - ◇ Continue to streamline processes and unnecessary oversight to improve service delivery, enhance competitiveness and support business growth.
- ◆ The Capital Plan 2023-26 allocates \$140 million to the Agriculture Sector Strategy - Irrigation Projects program and \$43 million to the Irrigation Rehabilitation program, benefiting ten Irrigation Districts. This investment will expand Alberta's irrigated areas, supporting agricultural production and attracting value-added processing.
- ◆ A total of \$8 million over three years is allocated to capital upgrades for agricultural societies.
- ◆ Sustainable Canadian Agricultural Partnership (SCAP) funding increases to \$58 million from \$47 million in 2022 - 2023.
- ◆ Over the next three years, the University of Calgary Veterinary Medicine will receive \$49 million dollars in funding for expansion.
- ◆ Agriculture Income Support is estimated to stay level at \$105 million.

- ◆ \$39 million in annual funding will be provided to the Results Driven Agriculture Research (RDAR) organization.
- ◆ Contingency, disaster, and emergency assistance funding is grouped together. This includes funding for fighting wildfires, crop insurance, and flood recovery. In 2023 - 2024 the contingency funding for these elements will be \$1.5 billion, an increase of \$500 million from the previous year.
- ◆ Agricultural service boards received an increase in operating funding from \$8.9 million in 2022-2023 to \$12 million in 2023-2024.

COMMUNITY SERVICES

- ◆ The operating budget for the Alberta First Responders Radio Communication System (AFRRCS) will remain stable at approximately \$17 million.
- ◆ Family and Community Support Services (FCSS) funding has increased to \$115 million, an increase of \$15 million from its level for the previous several years.
- ◆ Community Initiatives Program funding has decreased slightly from \$20.5 million to \$20 million.
- ◆ Funding for library services has increased from approximately \$37 million to \$39.7 million.
- ◆ Funding for the Community Facility Enhancement Program (CFEP) has increased from \$38.5 million to \$50 million.
- ◆ Funding for the Assured Income for the Severely Handicapped (AISH) program increases from \$1.37 billion to \$1.54 billion.
- ◆ \$229 million has been allocated under the Alberta Broadband Strategy for 2023-24. This continues the three-year, \$369 million broadband funding commitment introduced in last year's budget to provide internet access to all Albertans.
- ◆ Alberta Seniors, Community and Social Services has an objective to continue to implementation of *Stronger Foundations: Alberta's 10-Year Strategy to Improve and Expand Affordable Housing*, to make the housing system financially sustainable, accessible and equitable for Albertans.
- ◆ Alberta Culture will allocate \$1 million to expand supports for rural sexual assault survivors and survivors of domestic-based violence.
- ◆ Funding for Alberta Innovates Corporation has increased slightly from \$250.7 million to \$252.9 million.

EDUCATION

- ◆ The total budget for Alberta Education has increased from \$5 billion to \$5.5 billion.
- ◆ Student Transportation Services funding increases from \$386.1 million in 2022 – 2023 to \$476 million.

ENERGY

- ◆ The Alberta Energy Regulator has an allocation of \$231 million, holding steady from last year.
- ◆ The Alberta Utilities Commission has an allocation of 33.5 million, a \$2.5 million increase.
- ◆ Orphan Well Abandonment program funding has increased from \$78.5 million to \$135 million.
- ◆ Provincial funding of carbon capture and storage initiatives is \$58.9 million, which remains steady from the 2022 - 2023 budget.
- ◆ Funding for the Utilities Consumer Advocate remains steady at \$6.6 million.
- ◆ \$96.9 million is allocated for costs associated with the Coal Phase-Out Agreements, which remains steady from the 2023 - 2024 Budget.
- ◆ \$5.4 million is allocated for the Coal Workforce Transition Program, a \$3.6 million reduction.

ENVIRONMENT

- ◆ The Alberta Environment and Protected Areas business plan identifies a number of objectives of interest to RMA members:
 - ◇ Maintain and strengthen environmental resource stewardship and conservation through proactive engagement and partnerships with municipalities, non profit organizations, and Indigenous communities to support targeted strategies and frameworks including conservation programs, Alberta’s Clean Air Strategy and Water for Life Strategy, and efficient regulated waste facilities and recycling programs.
 - ◇ Support development of a flood mitigation strategy and work to mitigate the adverse effects of flood and drought; and contribute to water management flexibility.
 - ◇ Develop and coordinate Alberta’s government-wide Environmental, Social and Governance (ESG) strategy to showcase Alberta as an ESG leader; including a standardized jurisdictional ESG framework to enable transparent comparable jurisdictional assessments.
 - ◇ Complete social-economic impact assessments for all major environmental protection proposals and implement designated industrial zones to enhance investor confidence.
 - ◇ Develop a conservation and biodiversity management strategy that supports a range of land uses and conservation outcomes while balancing economic recreation and tourism opportunities.
- ◆ Funding for the Digital Regulatory Assurance System build continues with \$7.1 million allocated.
- ◆ Funding for the Municipal Water and Wastewater Program increased from \$61.7 million to \$86 million. The program is projected to return to previous levels in 2024 and 2025.
- ◆ \$2.5 million is allocated to the designated industrial zone pilot in 2023-24 which will reduce red tape and streamline regulatory approvals to help attract new investment and job creation for Albertans.
- ◆ Funding for flood adaptation capital projects is \$47.1 million, an increase of approximately \$16 million.
- ◆ \$9.6 million is allocated to Crown land enforcement, a \$5.8 million decrease.
- ◆ Funding for Water for Life has increased from \$37.3 million to \$69.3 million.
- ◆ Funding for the First Nations Water Tie-in Program has decreased from \$30.2 million to \$27.7 million.
- ◆ Funding for wildlife management has increased from \$22.8 million to \$50.7 million.
- ◆ Funding for fisheries management has slightly increased from \$10 million to \$11.1 million.
- ◆ \$35.9 million is allocated for caribou recovery planning and actions, a significant increase from last year.

HEALTH

- ◆ Funding for emergency medical services has increased from \$604 million to \$740 million in 2023 - 2024. This includes funding set aside to support implementation of the Alberta Emergency Services Provincial Advisory Committee (AEPAC) recommendations and other pressures identified through the Health Care Action Plan.
- ◆ Funding for mental health and addictions has increased significantly, from \$176.7 million to \$270.6 million.

INDIGENOUS RELATIONS

- ◆ 2023-24 funding for Indigenous Relations is \$226 million, an increase from last year’s budget.
- ◆ The First Nations Development Fund has increased from \$113 million to \$146 million in 2023-24 as part of to help fulfil First Nations’ economic, social, and community priorities. The FNDF is supported by a percentage of revenues from government-owned slot machines operating in First Nations casinos in Alberta.

JUSTICE AND POLICING

- ◆ The Alberta Justice business plan includes several key objectives relevant to rural municipalities, including the following:

- ◇ Work with the Minister of Public Safety and Emergency Services to review the delivery of policing services in the province, including further examination of a provincial police service.
 - ◇ Improve Albertans' access to justice and ensure a sustainable justice system that utilizes court and prosecution resources efficiently and effectively.
 - ◇ Implement strategies to make the justice system more responsive to the needs of Albertans, including the use of restorative justice practices to help victims, offenders, and communities affected by conflict or crime reach reconciliation.
- ◆ The Alberta Public Safety and Emergency Services business plan includes several key objectives relevant to rural municipalities, including the following:
 - ◇ Work with municipalities, police services, community-based organizations and other ministries to improve the alignment of mental health and addictions crisis response resources and ensure recovery is a central component of effective community policing and corrections.
 - ◇ Enhance the authorities, role and numbers of Provincial Sheriffs to support the RCMP in addressing rural crime.
 - ◇ Continue to improve the delivery of policing services in the province to ensure Albertans are safe and police are accountable to the communities they serve, including further examination of a provincial police service and establishing an independent agency to resolve policing complaints.
 - ◇ Support municipalities and Indigenous communities interested in exploring different models of policing and public safety.
 - ◇ Continue to improve support for victims of crime, including the implementation of a new victim service delivery model to ensure victims receive the help they need, when and where they need it.
 - ◇ Lead the implementation of a provincial hazard identification and risk assessment framework to help reduce disaster risk and improve disaster response.
 - ◇ Work with municipalities to deliver timely and fiscally responsible disaster recovery programs to assist eligible Albertans impacted by disaster, including supporting local decisions that reflect community needs.
 - ◆ Funding for provincial contract policing has increased from approximately \$344 million in 2022 - 2023 to approximately \$371 million in 2023 - 2024.
 - ◆ Funding for the Alberta Sheriffs increased to \$132.1 million from \$94.8 million.
 - ◆ Funding for law enforcement oversight has increased from \$9.9 million to \$25 million.
 - ◆ Funding to address organized and serious crime increased from \$35.4 million to \$55.6 million.
 - ◆ Operational funding for court and justice services has increased from \$216.7 million to \$260.4 million.
 - ◆ Operational funding for legal services has increased from \$45.6 million to \$65.8 million.
 - ◆ Operational funding from Alberta Crown Prosecution services has increased from \$98.8 million to \$129.1 million.
 - ◆ \$3 million in grant funding will be allocated to municipalities and Indigenous communities interested in exploring alternative policing models.

MUNICIPAL AFFAIRS

- ◆ The business plan for Alberta Municipal Affairs includes several objectives relevant to rural municipalities, including the following:
 - ◇ Work with industry and municipal stakeholders to co-design and begin implementation of an engagement approach to modernize the assessment models for regulated property.

- ◇ Evaluate the feasibility of changes to the Education Property Tax or other aspects of the overall framework of provincial financial supports to better assist municipalities with funding local priorities.
 - ◇ Work with municipalities and industry to address the issues associated with unpaid oil and gas property taxes.
 - ◇ Enhance municipal service delivery through regional cooperation and growth management boards, including a review of the structure and effectiveness of the Calgary and Edmonton Metropolitan Region Boards, and a review of the legislative provisions with respect to Intermunicipal Collaboration Frameworks.
- ◆ The Municipal Sustainability Initiative (MSI) will continue for the 2023 -2024 fiscal year, with a capital amount of \$485 million. 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 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.
 - ◆ The Government of Alberta has committed to providing “top up funding” to any municipality that will experience a year-over-year decrease in grant funding when a new allocation formula is introduced for the Local Government Fiscal Framework in 2024 – 2025.
 - ◆ The *Local government Fiscal Framework Act* will be amended to allow for a true partnership with municipalities by increasing the Revenue Index Factor from 50 to 100 per cent, so that municipalities share fully in both increases and decreases in provincial revenues.
 - ◆ MSI operating funding has increased from \$30 million to \$60 million.
 - ◆ Alberta Community Partnership (ACP) funding remains steady at \$15.4 million.
 - ◆ Grants in Place of Taxes (GIPOT) have increased from \$30 million to \$36 million.
 - ◆ The Education Property Tax Requisition revenue is forecast at \$2.5 billion, which is unchanged. The residential / farm rate has decreased from \$2.65 to \$2.56 per \$1,000 of equalized assessment, and the non-residential rate has decreased from \$3.90 to \$3.76 per \$1,000 of equalized assessment.
 - ◆ Alberta Emergency Management Agency operational funding has increased slightly from \$102 million in 2022 – 2023 to \$105 million in 2023 – 2024.
 - ◆ In 2023-24, \$33.4 million is budgeted for public library operating grants, an increase of \$2.9 million.

SENIORS, COMMUNITY AND SOCIAL SERVICES

- ◆ Family and Community Support Services (FCSS) funding has increased to \$115 million, an increase of \$15 million from its level for the previous several years.
- ◆ Increased investment for homelessness and outreach services is budgeted at \$244 million, up from \$193 million in the previous budget.
- ◆ In 2023-24, \$342.5 million is allocated to build, renew, maintain, and operate affordable housing in Alberta through the government-supported affordable housing programs, including rent supplements. Of this budget amount, \$34 million is allocated to help grow the supply of affordable housing in priority areas through the Affordable Housing Partnership Program.
- ◆ \$276 million is being allocated to provide affordability payments to seniors and low-income Albertans.
- ◆ A key objective in the ministry business plan to support creating inclusive communities includes implementing the Family and Community Support Services Accountability Framework to support municipalities and Metis Settlements to design and deliver preventive social programs which help to address the key social issues facing Albertans.

TRANSPORTATION AND INFRASTRUCTURE

- ◆ Funding for the Strategic Transportation Infrastructure Program (STIP) increases from \$35 million to \$43 million.
- ◆ Funding for GreenTRIP has decreased from \$17.9 million just over \$1 million.
- ◆ The Canada Community-Building Fund (formerly known as the Gas Tax Fund) funding has increased slightly from \$255 million to \$266 million.
- ◆ Provincial highway maintenance funding has increased from \$345 million to \$402 million.