



## STAFF REPORT

**Title:** Provincial Budget 2019 - AUMA Analysis

**Meeting Date:** November 12, 2019

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### **Executive Summary:**

With the release of the Government of Alberta's (GoA) 2019 budget on October 24, Administration attended both government and Alberta Urban Municipality Association (AUMA) webinars, held the next day.

In the lead up to revealing the budget, the GoA had signaled that the budget would show restraint and that it would be focused on "Getting Albertans back to work," "Making life better for Albertans," and "Standing up for Alberta."

The GoA messaged that the province's debt burden has reached \$62.7 billion, requiring annual debt servicing of almost \$2 billion. The GoA stated that the 2019 budget reflects the United Conservative Party's commitment to balance the provincial budget in four years.

AUMA's initial analysis has been attached to the report. It provides mixed comments, especially regarding the AUMA's main priority of establishing a provincial-municipal relationship that ultimately provides for "adequate, predictable, and sustainable infrastructure funding." The GoA's budget includes plans for legislating a Local Government Fiscal Framework (LGFF) as a replacement for the Municipal Sustainability Initiative (MSI) in 2022-23. The LGFF will be tied to provincial revenues, however, the AUMA is concerned that the LGFF will grow at only half the rate of provincial revenues and will start in 2022-23 at a level 30% less than the 2017 MSI funding numbers.

Administration is aware that the Summer Temporary Employment Program grant program will be discontinued. While the City of Cold Lake did make use of this program, it was not budgeted for as funding was never guaranteed and was not always awarded.

Children Services is also rolling out a new program or programs guided by the Well-Being and Resiliency Framework to replace programs currently funded by the Parent Link and Indigenous Enhancement grants. FCSS will enter an expression of interest to provide these programs, however, it remains unclear what the programs will look like and what budget implications there will be for Cold Lake. It is anticipated that City Council will be asked to further discussion the program and services being provided as the funding and grants are structured.



Changes to the police funding model were also discussed but are unlikely to have an impact on municipalities that already pay for the service under the current model.

The province also announced that it will cease to provide P.I.L.T. to municipalities for provincial owned properties which will impact the municipal property taxes for privately owned properties.

**Background:**

On October 28, the government introduced two bills to implement its 2019 Budget: Bill 20: *Fiscal Measured and Taxation Act, 2019* and Bill 21: *Ensuring Fiscal Sustainability Act, 2019*.

The Government is expecting the economy to slow by 0.6% in 2019 and begin to strengthen in 2020, although it points to high “external risks: to the province’s economy.

Revenue is projected at roughly \$50 billion for 2019 and 2020, rising to \$58 billion by the 2022-23 fiscal year.

The province has will also do away with the previous government’s city charter agreements and delay several capital projects.

**Alternatives:**

- Council may accept this report as information.
- Council may direct administration to prepare a response to the Government of Alberta based on council’s discussion.
- Council may refer this report to Council’s Corporate Priorities Committee meeting next week for further discussion and review.

**Recommended Action:**

Administration recommends that Council accept this report as information.

**Budget Implications (Yes or No):**

No

**Submitted by:**

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