

AUMA Questions Regarding Budget 2012

- 1. How does *Budget 2012* move towards a new Provincial-Municipal relationship, including providing municipalities with sufficient authority and direct access to revenue sources to deliver core services?**

Building on the three-year predictable funding for municipalities in *Budget 2012*, the Government of Alberta will continue to work with municipalities to allow for greater stability and improved planning. Furthermore, the government remains committed to working collaboratively with municipal associations in the implementation of the Municipal Sustainability Strategy, and to continuing discussions with Edmonton and Calgary in regards to additional powers which may be needed to address their unique challenges.

- 2. Does *Budget 2012* address the mandate from the Premier to establish three-year funding cycles for municipalities and to review and assess the MSI grant program? What changes have been made with respect to MSI program guidelines, allocation formulas and funding levels?**

Budget 2012 reaffirms the Government of Alberta's commitment to provide long-term funding support to municipalities through the Municipal Sustainability Initiative (MSI), and the Province will take into account the needs of municipalities as it reviews and assesses the MSI, as mandated by the Premier.

Budget 2012 establishes three-year predictable funding for municipalities to allow greater stability and improved planning. The Province recognizes that municipalities require reasonable certainty about their funding levels so that they can effectively plan, fund and complete municipal projects.

- 3. Will there be any new or revised fees or charges levied on municipalities under *Budget 2012*? What is the estimated annual impact and rationale for these changes?**

There are no new or revised fees or charges to be levied on municipalities.

4. What is the budgeted break down of the education tax requisition for 2012-13?

(\$million)

	Fiscal Year		
	<u>2011-12</u>	<u>2012-13</u>	<u>% change</u>
Residential	1,176	1,252	6.4
Non-residential	<u>683</u>	<u>727</u>	6.4
Total	1,859	1,979	6.4

	Calendar Year		
	<u>2011</u>	<u>2012</u>	<u>% change</u>
Residential	1,136	1,242	9.3
Non-residential	<u>687</u>	<u>719</u>	4.7
Total	1,823	1,961	7.6

In fiscal year 2012-13, the revenue requirement for education property taxes is \$1.979 billion, an increase of \$120 million, or approximately 6.4 per cent, from 2011-12. The 2012-13 revenue requirement includes \$217 million that will be collected directly by municipalities for opted-out separate school boards.

In 2012, the provincial education property tax rates remain at 2011 levels. The residential/farm property rate will be \$2.70 per \$1,000 of equalized assessment while the non-residential rate will be \$3.97 per \$1,000 of equalized assessment.

The property tax revenue requirement ensures continued stability and sufficient funding for the kindergarten to grade 12 education system. The increased revenue will also help to ensure that Alberta's basic education system continues to be among the best in the world.

For 2012-13, about 30 per cent, of the total operational funding for Kindergarten to Grade 12 education will come from education property tax revenue. This is a decrease of approximately 21 per cent from 1994, the year the province took over responsibility for education property taxes, when these taxes accounted for 51 per cent of provincial funding to the basic education system.

5. What resources has the Government of Alberta allocated in *Budget 2012* to ensure a comprehensive review and restructuring of the property assessment and taxation system in Alberta?

There is no specific funding included in *Budget 2012* dedicated to a review of the property assessment and taxation system. Concerns raised by stakeholders regarding the property assessment and taxation system will be considered during the planned review of the *Municipal Government Act*.

6. What processes are being resourced through *Budget 2012* to ensure a comprehensive review of the *Municipal Government Act* (MGA)?

Approximately \$350,000 is budgeted for anticipated review activities within Municipal Affairs in 2012-13.

Work on this important review is already underway and progress is being made on the internal planning, data collection, research and analysis required to support the review of the MGA. A detailed plan is being developed, which will include project milestones and deliverables, along with a plan for consultation with stakeholders.

The overall review is anticipated to take approximately four years, with a comprehensive stakeholder engagement process.

The review process will give all interested parties the opportunity to provide input – including municipal officials, municipal associations, private businesses and industry, as well as members of the public.

7. What amount is allocated in *Budget 2012* to increase the provincial contribution to policing costs? How is the funding distributed by types of municipalities?

(\$000)	2011-12 Forecast	2012-13 Estimate	% change
Municipal Policing Assistance Grants	49,505	50,965	2.9
New Police Officer Grant	30,000	30,000	0.0
Total	79,505	80,965	1.8

There has been no change to the funding formula for Municipal Policing Assistance Grants. These grants are provided to municipalities with populations over 5,000 that are responsible for their own policing, and are calculated according to the following formula:

- Towns and cities with populations from 5,001 to 20,000 receive a \$200,000 base payment plus an additional \$8.00 per capita;
- Cities and urban service areas with populations from 20,001 to 50,000 receive a \$100,000 base payment plus \$14.00 per capita; and

- Cities and urban service areas with populations over 50,000 receive grants of \$16.00 per capita.

There has been no change to the funding formula for the New Police Officer grant. This ongoing funding is distributed to municipalities responsible for providing their own municipal policing.

Municipalities that pay for their own policing benefit by retaining provincial fine revenue (estimated at \$112 million annually).

The amount paid under the Provincial Police Service Agreement (PPSA) has increased by \$17.8 million in 2012-13 to provide for an additional 30 new RCMP officer positions, inflation and contract renewal effective April 1, 2012. This funding allows the Province to continue to provide policing to municipalities with urban populations of 5,000 or less, as well as all rural municipalities (e.g., municipal districts/counties regardless of population).

(\$000)	2011-12 Forecast	2012-13 Estimate	% change
Contract Policing and Policing Oversight / PPSA	192,863	210,672	9.2

Note: 2012-13 funding for RCMP includes the addition of 30 new officer positions approved in Budget 2012, for a total of 1,529 RCMP positions in Alberta. In 2013-14, the Province will fund an additional 60 new officer positions, for an increase of 90 RCMP officers over two years.

In addition, the Province also provides other contributions to provincial policing costs that benefit municipalities, as per the table below:

(\$000)	2011-12 Forecast	2012-13 Estimate	% change
First Nations Policing	10,204	11,983	17.4
Organized and Serious Crime	25,185	38,480	52.8
Alberta Police Integrated Information Initiative (API3)	4,833	8,166	69.0
Total	40,222	58,629	45.8

8. What, if any, escalator is provided through *Budget 2012* to account for increases to policing costs?

There is no escalator in the funding formula for policing grants; the municipal policing assistance budget is adjusted for changes in population.

9. Does *Budget 2012* implement the principles of the Law Enforcement Framework Funding Model in which all municipal governments contribute to the costs of policing? If so, does the new Funding Model for policing include the following:

- a. A description of how the new surplus funds will be used;
- b. A formula that includes the impacts of sharing police costs; and
- c. A formula that addresses the shortage of transfers to those municipalities currently paying for police services?

The Law Enforcement Framework Funding Model is still under review.

In consultation with Alberta's municipal associations, the Government of Alberta continues to work on a new funding model to distribute the costs of local policing in an equitable, transparent and sustainable manner.

10. What does *Budget 2012* provide for municipal transportation infrastructure funding (e.g. roads and streets) as well as for non-transportation infrastructure (water and sewer)? How do these amounts compare to last year's budget for each of these budget line items? Has the formula for calculation changed?

The comparative allocations for Transportation's grants are shown in the table below. The program formulas for calculating total amounts payable remains as they were in 2011-12. Fluctuations may occur across the years due to timing of project submissions.

Grant	Formula	2011-12 Forecast	2012-13 Estimate	% Change
(\$000)				
Provincial Programs				
Municipal Sustainability Initiative*	Base amount, population, assessment and road length.	839,235	846,000	0.8
Alberta Municipal Infrastructure Program	Population	12,800	-	(100.0)
Basic Municipal Transportation Grant	Allocation-based	265,011	333,900	26.0
Strategic Transportation Infrastructure Program	Project-specific	84,020	85,140	1.3
Municipal Water/Wastewater Program/Water for Life**	Project-specific	260,450	170,000	(34.7)
Green Transit Incentives Program (GreenTRIP)	Project-specific	200,000	93,100	(53.5)
Federal Programs				
Building Canada - Gas Tax Fund	Population	199,503	199,503	-
Building Canada - Communities Component	Project-specific	49,650	52,878	6.5
Infrastructure Stimulus Fund	Project-specific	14,614	-	(100.0)
Canada-Alberta Municipal Rural Infrastructure Fund	Project-specific	5,000	-	(100.0)
Total		1,930,283	1,780,521	(7.8)

* The Municipal Sustainability Initiative includes operating expense of \$46.765 million in 2011-12 Forecast and \$50 million in 2012-13 Estimate, which is not included in the table above.

** Water for Life includes operating expense of \$20.793 million in 2011-12 Forecast and \$25.311 million in 2012-13 Estimate, which is not included in the above table.

There are a number of different types of projects that are eligible under the Municipal Sustainability Initiative (MSI), including, but not limited to, transportation (e.g. municipal roads and bridges) and non-transportation (e.g. water and wastewater) infrastructure. Municipalities determine projects and activities to be funded by the MSI based on their local needs and priorities, within the general qualification criteria set out in the program guidelines.

Under the current formula, 48 per cent of MSI funding is allocated on a per capita basis, 48 per cent is allocated on education property tax requisitions and four per cent is allocated on kilometers of local road, after providing base funding for all municipalities and sustainable investment funding for municipalities with limited local tax bases.

Funding formulas for the 2012-13 Basic Municipal Transportation Grant (BMTG) remain the same as those used in the previous year. The BMTG funding formula continues to be based on the following:

- \$0.05/litre for the City Transportation Fund component to Edmonton and Calgary. The timing of the actual payments to the cities can vary from year to year, but the average annual entitlement is \$200 million, which complies with the signed agreements.
- \$60/capita for Basic Capital Grant (to the other cities) and Streets Improvement Program (to towns, villages, summer villages, and eligible hamlets) components, based on the 2011 Municipal Population List.
 - The requirement for a 25 per cent municipal cost-share under the Basic Capital Grant and Street Improvement Program components of the Basic Municipal Transportation Grant program was eliminated, effective April 2011. This change provides municipalities with more flexibility to address local transportation needs. The per capita allocation amount will remain the same.
- \$1,959/lane Km for the Provincial Highway Maintenance Grant component.
- Rural Transportation Grant - an annual formula allocation based on various factors such as road length and population – allocation is unchanged.

The Province also continues to support municipal transportation infrastructure through continuing project-based grant programs such as the Local Road Bridge Program, Community Airports Program, and the Resource Road Program, which are included in the Strategic Transportation Infrastructure Program.

The total funding commitment for GreenTRIP remains at \$2 billion. The 2012-13 Estimate is lower than the 2011-12 Forecast as funding was accelerated in 2011-12 to meet eligible project commitments.

Funding for the Infrastructure Stimulus Fund, the Canada-Alberta Municipal Rural Infrastructure Fund and the Alberta Municipal Infrastructure Program is only in 2011-12 as the three programs were completed.

11. What activities are planned/funded in *Budget 2012* to advance the long term (40 year) transportation plan? How will high speed rail be considered?

Premier Redford has given the Minister of Transportation a mandate to develop a multi-modal Transportation Strategy for Alberta that, within an aligned funding model, supports Albertans' priorities, including competitiveness and sustainability.

Part of the success of the Transportation Strategy depends on consultations with stakeholders. Alberta Transportation is currently preparing and assembling the resources to move ahead and will be working with partners and stakeholders over the coming year to develop the Transportation Strategy. The Ministry expects to have an initial draft Transportation Strategy for Alberta in 2013.

It is expected that the Transportation Strategy for Alberta will:

- Secure long-term prosperity for Albertans by promoting Alberta's access to new markets and competitiveness in the global economy;
- Support families and communities by providing transportation options for smart growth, livable communities and active living;
- Increase Alberta's stewardship by reducing the footprint of transportation on the environment;
- Improve transportation safety and security while reducing costly bottlenecks and congestion, and
- Promote collaboration of transportation planning across the province and in western Canada.

12. How does *Budget 2012* support programs that address alternative and renewable energy?

Budget 2012 includes \$444 million for the Bioenergy Producer Credit Program over three years, including \$66 million in 2012-13. This program provides support for production of biofuels, biomass pellets and electricity and heat produced from biomass. Support under this program is available until March 2016.

The bioenergy program has been restructured to focus on renewable diesel and ethanol produced from non-food materials such as wood and municipal waste, and ethanol produced from grain in an integrated operation.

13. What funding changes are reflected in *Budget 2012* for Family and Community Support Services (FCSS)?

In 2012-13, the Province is maintaining funding at \$76.1 million for FCSS. FCSS has an important role in promoting social programs that enhance the well-being of individuals, families and communities.

These preventative programs, provided through communities, are in addition to existing provincial programs and services for children, youth and families. Programs include youth outreach services, parenting programs and child development programs to help families live in safe and nurturing homes and communities. Family and Community Support Services is an 80/20 funding partnership between the Government of Alberta and participating municipalities or Métis Settlements.

14. How does *Budget 2012* support the Government of Alberta's commitment to seniors' housing, affordable housing and homelessness? What will change as a result of these funding levels?

(\$000)	2011-12 Forecast	2012-13 Estimate	% change
Operating Support:			
Seniors Lodge Assistance	33,320	35,720	7.2
Family Housing:			
Rent Supplement	77,100	71,100	(7.8)
Community Housing	50,792	51,904	2.2
Other Housing	70	70	-
Senior Housing	22,052	25,858	17.3
Special Needs Housing*	5,845	6,238	6.7
Homeless Support:			
Emergency/Transitional Shelter Support	38,500	35,500	(7.8)
Outreach Support Services	54,100	69,100	27.7
Other Homeless Support	4,870	5,433	11.6
Sub-Total	286,649	300,923	5.0
Capital Grants:			
Seniors Lodge Assistance and Supportive Living Projects	9,062	-	(100.0)
Housing Capital Programs	121,919	42,407	(65.2)
Affordable Supportive Living Initiative	74,000	25,000	(66.2)
Total	491,630	368,330	(25.1)

* The figure for Special Needs Housing is composed of \$5.43 million from the Stakeholder Relations and Housing Strategies program in the department and \$415,000 from the Alberta Social Housing Corporation in 2011-12 Forecast. In 2012-13 Estimate, the figure is composed of \$5.43 million from the department and \$808,000 from the Alberta Social Housing Corporation.

The Government of Alberta is stepping up its commitment to *A Plan for Alberta: Ending Homelessness in 10 Years*. Funding for homeless support is increasing by \$12.6 million, or 13 per cent, over the 2011-12 forecast.

Government is increasing funding to Outreach Support Services, a program that provides wrap around supports to help homeless Albertans secure and maintain permanent housing so they can reclaim lives of dignity. An additional \$15 million raises the total investment to more than \$69 million, and is expected to house about 1,800 homeless people in the 2012-13 fiscal year.

Increasing funding for Outreach Support Services is an investment that will save money in the long-term. The cost to support a chronically homeless person with emergency support services is about three times the amount it costs to house a person under the Housing First approach.

Funding for emergency and transitional shelter support is decreasing by \$3 million. Many previously homeless Albertans have already been helped off the street and now only need support with finding a suitable career or with their rent – and more can be expected to take this next step.

Since 2009-10, more than 4,800 formerly homeless people have been housed through the Province's plan to end homelessness. Before developing that plan, Alberta was simply managing homelessness through temporary shelter supports. Now people are supported to obtain housing, live a stable life and regain independence.

The provincial government committed to building 11,000 affordable housing units by 2012. The government has fulfilled its commitment and consequently capital funding for affordable housing has decreased in 2012-13.

The Affordable Supportive Living Initiative (ASLI) received \$25 million a year for the next three years which will contribute to the construction of an estimated additional 250 affordable supportive living units per year over three years (a total of 750 additional units).

15. What has the Government of Alberta resourced through *Budget 2012* to support the needs of our growing seniors population (e.g., “aging in place”, continuing care, transportation services) and how does this compare to *Budget 2011*?

Alberta Seniors Benefit Program has a budget of almost \$351 million, an increase of nearly \$22 million or 6.6 per cent, to address the costs related to an aging population.

The budget for other seniors programs including seniors dental and optical assistance, seniors lodge assistance, property tax assistance programs and special needs assistance for seniors is \$177 million in 2012-13. This includes a new Seniors Property Tax Deferral Program that is being developed to give seniors the option to defer all or part of their annual municipal property taxes. This will allow seniors to live in their own homes for as long as possible.

16. Regarding Provincial grants-in-place-of-taxes, does *Budget 2012*:

- a. provide municipalities with grants-in-place-of-taxes to pay for the costs of municipal services to non-profit housing agencies that are not Management Bodies formed pursuant to the *Alberta Housing Act*, where those agencies are exempt from the payment of municipal and education property taxes?**
- b. commit to payment of grants-in-place-of-taxes within the municipality’s tax due dates?**

The 2012 Grants in Place of Taxes program budget of \$56.4 million includes funding for those qualifying non-profit seniors’ housing facilities that were eligible in 2001 (base year). Schedule 2 of the Municipal Affairs Grant Regulation, the authority to pay a grant equal to the municipal property tax for the non-profit seniors’ housing facilities, provides for a grant in place of property taxes until 2015. A complementary ministerial order exempts these same seniors’ housing facilities from education property tax until 2015.

On an annual basis, every effort is made by Municipal Affairs to process the nearly 6,000 Grants in Place of Taxes applications and payments within the municipality’s tax due date.

17. How does *Budget 2012* support programs and services for economic development across the province and are there changes from prior funding levels?

The Government of Alberta supports economic development in the province through a variety of economic development policies, initiatives and tools that facilitate productivity and enhance Alberta's global competitiveness.

In partnership with key stakeholders, the Government of Alberta is working to:

- Enhance the labor supply
- Facilitate innovation, entrepreneurship and productivity growth
- Promote value added and complimentary diversification and
- Monitor and encourage regulatory competitiveness.

Funding specifically allocated to Alberta Treasury Board and Enterprise's Enterprise division remains steady, but work on economic development is done by a number of ministries throughout the Government of Alberta.

18. Given the critical nature of Alberta's municipal water/wastewater infrastructure, does *Budget 2012* recognize the need for increased provincial support for water infrastructure by increasing the Alberta Municipal Water/Wastewater Program? Does it provide other grants that:

- a. **incent water conservation, energy and productivity, as identified in the Alberta Water Council's Recommendations for Water Conservation, Efficiency and Productivity Sector Planning (moving towards full cost accounting, and grant support for good planning/actions); and**
- b. **continue to support municipalities with drinking water operations by providing educational and technical resources and incentives for full cost accounting, regional systems, etc?**

Budget 2012 reflects a continued commitment to support municipalities in meeting drinking water and wastewater infrastructure needs.

Water for Life remains the critical strategy for guiding the types of investments and system needs that will be supported. It is recognized that a range of interests need to be reflected in the allocation of this support, including encouraging conservation and efficiency, promoting regional systems and supporting the establishment of base knowledge that underpins the development and operation of this critical infrastructure.

Priorities will continue to be identified and used to guide spending to meet provincial needs over time. At the same time, work will be initiated over the

coming year to assess further actions to support the long-term sustainability of Alberta's drinking water and wastewater systems.

The 2012-13 budget for Municipal Water Wastewater Program/Water for Life is \$170 million (\$50 million for Municipal Water/Wastewater Program and \$120 million for Water for Life). This program continues to support initiatives to upgrade water and wastewater treatment for Albertans. Approved projects are expected to incorporate water conservation measures.

In addition to the \$120 million in capital support, \$25 million of operating support is provided in 2012-13 through various ministries to continue implementation of Alberta's Water for Life Strategy.

19. How does *Budget 2012* support community infrastructure and non profit/voluntary organizations (e.g., library funding, arts and cultural programs)?

(\$000)	2011-12 Forecast	2012-13 Estimate	% change
Library Funding	30,719	30,719	-
Lottery-Funded Agencies:			
Alberta Foundation for the Arts	26,925	26,925	-
Alberta Historical Resources Foundation	7,875	8,415	6.9
Community Initiatives Program	25,250	25,250	-
Community Facility Enhancement Program	38,000	38,000	-
Community Spirit Donation Grant Program	15,500	15,500	-
Other Initiatives Program	4,100	4,100	-
Total	148,369	148,909	0.4

There are a number of different types of projects that are eligible under the Municipal Sustainability Initiative (MSI) including, but not limited to, community infrastructure such as parks, sports, recreation and community facilities, and libraries. In many municipalities, the non-profit sector plays a key role in delivering municipal services and in recognition of this, municipalities have the option of using their MSI funding to support local non-profit organizations. The determination of which types of community projects to fund and which non-profit organizations to support is made by municipalities based on their local needs and priorities.

20. How does *Budget 2012* realize the Government of Alberta's commitment to provincial/regional land use planning?

The Government of Alberta is committed to improving the viability and long-term sustainability of municipalities through regional collaboration and capacity building. Through the Regional Collaboration Program, Municipal Affairs provides funding for municipalities in a region to conduct regional planning, explore and establish regional shared services and other intermunicipal cooperation protocols. Funding for this program has been reduced from a 2011-12 forecast of \$24.6 million due to a number of one-time items which were funded in 2011-12 but are not being funded in 2012-13, such as payments for land subsidence and a grant to Rocky View County for water infrastructure. The government continues to move forward with developing regional plans in a manner that considers the needs and expectations of Albertans and stakeholders. The government has set a target of completing one regional plan each year.