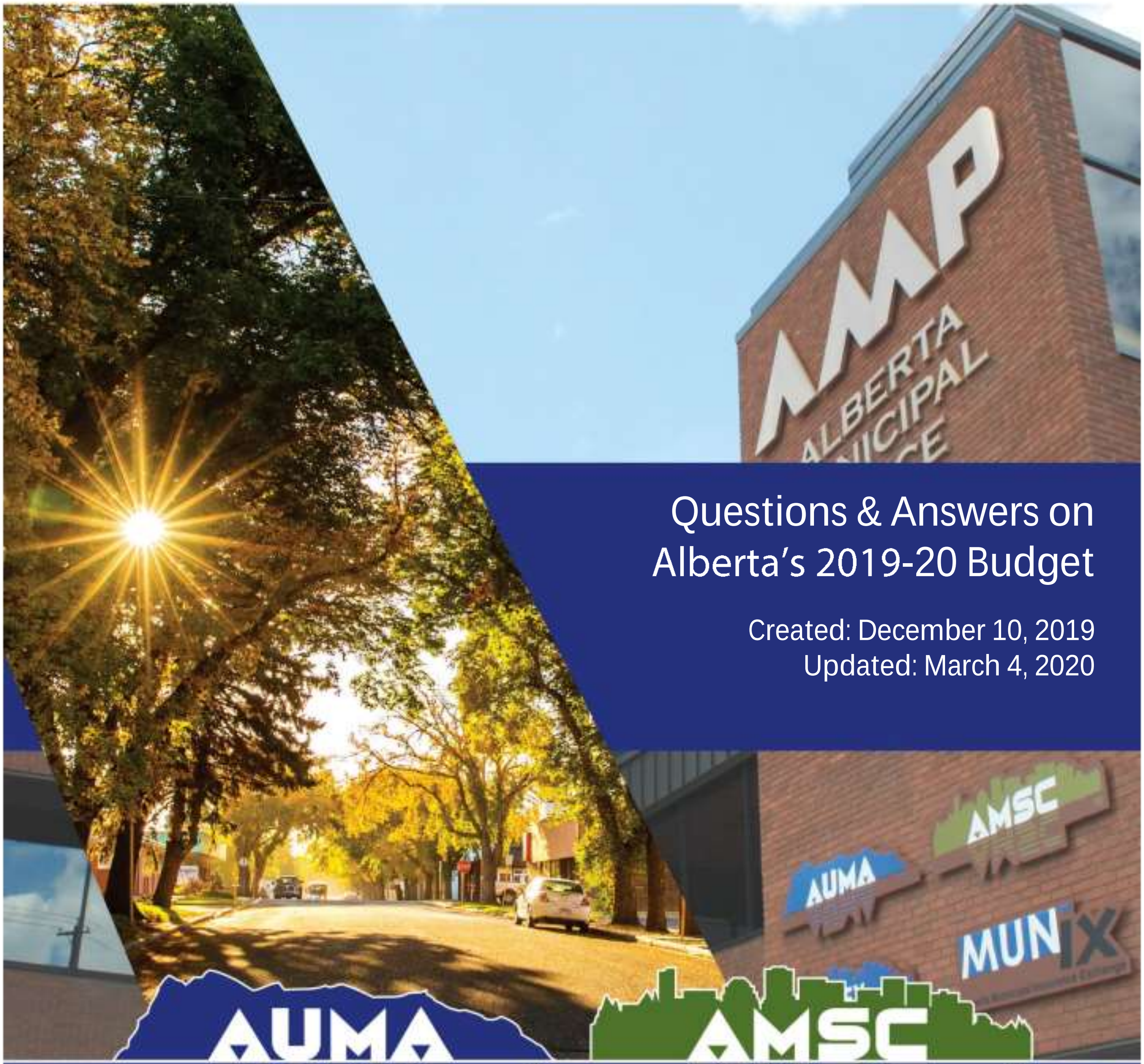

Questions & Answers on Alberta's 2019-20 Budget

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A. Introduction

On October 25, 2019, AUMA hosted a webinar with municipalities to report on AUMA's preliminary analysis of Alberta's 2019-20 budget and the impact on municipal governments. Webinar participants posed a series of questions that AUMA was unable to answer at the time and as such, AUMA reached out to the Government of Alberta for more information. This report summarizes the questions posed to the province, the response from each government ministry, as well as AUMA's own findings following additional time to research the issues.

This report is a supplementary resource to AUMA's Preliminary Report on the Government of Alberta's 2019 Budget.

B. Questions and answers on Budget 2019 by ministry

Agriculture and Forestry

1. How does Budget 2019 support agricultural societies to deliver valuable local programs?

   Ministry response:
   Funding for primary and regional agricultural societies has been maintained at approximately $11.5 million annually through 2022-23, benefitting 290 communities across Alberta.

Community and Social Services

2. AUMA appreciates that funding under the Family and Community Support Services (FCSS) program remained stable in 2019-20. What is the forecasted level of funding for FCSS in the next three years?

   Ministry response:
   The Statement of Operations in Community and Social Services' business plan maintains the 2019 funding levels for Community Supports and Family (which includes the FCSS program) for the next three years. The plan for funding in future years will be confirmed as the government goes through its yearly budget planning and appropriation process. We remain committed to supporting the work communities and civil society organizations do to make life better for vulnerable Albertans.

3. Parent Link – the government has announced that effective March 01, 2020 it is cancelling about 450 grants and contracts with 300 organizations that run Parent Link Centers, visitation services, family resource centers and other prevention programs. When is the Ministry expected to announce replacement programs? How are communities and programs expected to plan and operate to March 1, 2020 under this cloud of uncertainty?

   Ministry response:
   Funding for Parent Link Centres is the responsibility of the Ministry of Children's Services. On November 4, 2019, Children's Services informed Parent Link Centres and other agencies receiving funding to deliver prevention and early intervention (PEI) services that funding for PEI programming would not continue in its current form after March 31, 2020. Parent Link Centres and other PEI agencies were also informed that Children's Services would be implementing Family Resource Networks as the new service delivery model for these services and that an Expression of Interest (EOI) will be used to obtain the services.

   The EOI was posted to the Alberta Purchasing Connection on November 7, 2019. The EOI closes on January 16, 2020 and will be followed by the evaluation, program development and negotiations processes. Children's Services expects to announce successful programs in February 2020. Consolidating prevention and early intervention services will be more efficient, ensure consistent services are delivered across the province and fill gaps for certain age groups. It will also align with the precedent-setting Well-Being and Resiliency Framework to help at-risk kids grow up to lead productive and meaningful lives. By developing a continuum of wraparound supports for at-risk families, children will be supported to build the best possible foundation in their early years, youth transitioning to adulthood will have the resources they need, and parents and caregivers will be supported in raising their families.

For information regarding the successful winding down of existing grants, each Parent Link Centre is encouraged to contact their individual contract specialist (listed on the notice of non-renewal sent on November 4, 2019) to discuss any concerns.

Culture, Multiculturalism and Status of Women

4. Budget 2019 announces that the Historic Resources Fund will be dissolved. How might historical societies and organizations be affected by this change in terms of accessing funding for heritage projects?

   Ministry response:
   The dissolution of the Historic Resources Fund will have no effect on funding for heritage projects. The consolidation of the Alberta Historical Resources Foundation into the Department of Culture, Multiculturalism and Status of Women will not affect heritage stakeholders. All programs formerly offered by the foundation will continue to be offered by the department. A modest reduction of six per cent of the heritage grants budget is necessary as a result of the province's current economic challenges.

5. The Community & Voluntary Support Services are being reduced from $60 million to $39 million by 2023.

   a) What programs will this affect? Which communities will be affected?

   Ministry response:
   The programs affected by the reduction to Community and Voluntary Support Services are the Community Initiatives Program, Community Facility Enhancement Program, Other Initiatives Program, and Major Fairs. We have taken a balanced approach, instead of an across-the-board reduction to all of our grant programs, to minimize the impact to all communities.

   b) What is the long-term provincial plan for supporting the Community & Voluntary Service?

   Ministry response:
   Our government is on a path to balance the budget and this means we will continue to look at spending and work with our partners to deliver the best programs and services for Albertans. We remain committed to investing in people and communities during tough economic times. With our investment of $25 million to the Community Facility Enhancement Program, we are supporting important capital investments that enhance the quality of life for all Albertans. Our commitment of $23.5 million to the Community Initiatives Program ensures communities across the province will continue to have access to this important program.

6. The Support for Culture Infrastructure Program is being reduced by 67 per cent from $41 million to $13.3 million. Which communities will be affected?

   Ministry response:
   The Capital Plan focuses on investing in projects that improve access to healthcare, education, affordable housing and social services, as well as culture facilities. Our government is on the path to balance, and we have to prioritize capital projects that meet strict criteria and provide essential services to the most vulnerable Albertans. As capital projects may take more than one year to complete, funding for approved projects may be distributed over one, two, or three-year terms to match cash flow requirements. Several projects received their final installment of funds in 2018-19. This accounts for the 68 per cent decrease from 2018/19.

7. The Community Facility Enhancement Program (CFEP) is being reduced from $37.4 million to $25 million in 2019-20. Which communities will be affected? What is the long-term plan for this program?

   Ministry response:
   The reduction to the Community Facility Enhancement Program is part of the reduction to the Community and Voluntary Support Services. As noted, we have taken a balanced approach, instead of an across-the-board reduction to all of our grant programs, which will minimize the impact to specific communities.

8. The Community Initiatives Program (CIP) is being reduced from $28.4 million to $23.5 million. Which communities will be affected? What is the long-term provincial plan for supporting the Community Initiatives Program?

   Ministry response:
   The reduction to the Community Initiatives Program is captured under the reduction to the Community and Voluntary Support Services. As noted, we have taken a balanced approach, instead of an across-the-board reduction to all of our grant programs, which will minimize the impact to specific communities.

Economic Development, Trade and Tourism

9. What level of funding support does Budget 2019 provide to Regional Economic Development Alliances (REDAs) to help them meet their mandate?

   Ministry response:
   Economic Development, Trade and Tourism has committed to funding REDA initiatives through to March 31, 2020.

   AUMA comment:
   AUMA is still unable to confirm the dollar amounts invested in REDA programs due to a lack of detail offered in the Ministry's response and that the 2019-20 budget documents do not report the funding amounts for REDAs.

10. What investments are made in the Community and Regional Economic Support (CARES) program and Tourism Growth Innovation Fund in 2019-20 and the future year estimates?

    Ministry response:
    The CARES program accepted applications up until December 2, 2019. With the 10-Year Tourism Strategy currently under development, the Tourism Growth Innovation Fund has been paused, and an increased emphasis for tourism-related projects will be considered within the CARES funding envelope.

11. What are the long-term plans to support REDAs and the CARES program beyond the 2019-20 Fiscal Plan?

    Ministry response:
    All programs and services, including the REDAs and CARES program are currently being reviewed while we look to action our fiscally responsible, common-sense plan to get our economy back on track. The ministry's business plan is based on our priorities of fostering an economy that creates jobs and wealth through innovation, investment attraction, business growth and doubling tourism revenue by 2030.

Education

12. When will municipalities be able to learn what schools will be funded under Budget 2019?

AUMA findings:

On November 1, 2019 the Government of Alberta announced that Budget 2019 "supports 15 new schools, including brand new high schools in Calgary, Edmonton, Leduc, Blackfalds and Langdon. Six schools are slated for replacement and four will receive modernization or additions. Together, the 25 projects will receive $397 million." The full list of projects is available in the government's news release.

Energy

13. AUMA notes that Budget 2019 outlines increasing expenditures on orphan well abandonment over the next four years. How will that increased investment support the reclamation of orphaned wells?

Ministry response:

The Orphan Well Association (OWA) is an independent organization funded by industry to manage oil and gas properties that do not have a legally or financially responsible party. The OWA ensures that liabilities associated with oil and gas development are covered by industry and not borne by Albertans.

The Government of Alberta is committed to ensuring industry is held accountable for meeting closure obligations. The line item in Budget 2019-20 for orphan well abandonment does not reflect spending on the part of the Government of Alberta, rather it shows the amount that is collected by the Alberta Energy Regulator (AER) on behalf of the OWA. These funds are used by the OWA to close orphan sites, which includes abandonment, reclamation, and remediation work.

The OWA is funded through an annual Orphan Fund Levy, paid by upstream oil and gas producers. The annual levy amount is determined by the OWA Board of Directors. The AER allocates this amount to each licensee in accordance with the methodology set out in regulation, collects the levy, and remits the funds to the OWA. The budget for the Ministry of Energy registers the collection of the orphan well levy as revenue, and the transfer of money from the AER to the OWA as an expense.

Our government recognizes that the increasing inventory of orphan wells presents a problem, and an opportunity. The Government of Alberta is loaning the OWA $235 million to help expedite closure activities on orphan sites. This loan will boost activity to help get Albertans back to work in the oilfield and environmental service sectors and reduce the backlog of orphan wells throughout Alberta.

14. How might municipalities be affected by the government's decision to cancel the transition to a capacity based market for electricity and the elimination of the electricity price rate cap program?

AUMA findings:

Advisors from AUMA's own AMSC Energy Program explored this issue and are offering the following explanation:

The Regulated Rate Option is intended to protect consumers from significant price swings in electricity rates. Consumers are defined as businesses or residences that consume less than 250,000 kWh per year. Municipalities, with the exception of very small municipalities, generally use more than 250,000 kWh, which means the 6.8 cent rate cap did not apply to most municipal governments. Municipalities are also generally viewed as having the capacity to navigate the deregulated retail electricity market and choose providers (such as AMSC) that enable municipalities to protect themselves from price risks through fixed pricing contracts. Thus, the impact of removing the electricity price rate cap will not have any short-term implication on a municipality unless it uses less than 250,000 kWh and does not have a fixed price contract through an energy provider. To learn more about options to manage your electricity costs, visit AMSC's Energy Program.

Environment and Parks

15. Budget 2019 announces funding for the Alberta Community Resilience Program (ACRP) of $23 million in 2019-20 and $20 million in 2020-21 before the closure of the program.
    a) How is the program being wound-down?
    b) How will municipalities have the opportunity to apply for this funding, or is the funding already pre-committed to selected projects?

Ministry response:
To date, with an investment totaling more than $230 million, the ACRP has funded 79 projects in 53 communities across Alberta, including four First Nations. The Government of Alberta's 2019 Budget includes the program's final funding allocations for 2019-20 and 2020-21, as well as for projects announced on November 8, 2019.

The province is committed to working with municipal and First Nations partners on high priority ACRP projects that have been funded to date; however, as Alberta is in a period of fiscal restraint, final funding allocations will be in the 2020/21 fiscal plan. All ACRP applications submitted to date are now considered closed and will be returned to the applicants.

Environment and Parks will contact applicants to provide additional information. For further information, please contact Andy Lamb, Director of Resilience Grant Programs, in the Red Deer office, at 403-340-4326 (dial 310-0000 for a toll-free connection), or at andy.lamb@gov.ab.ca.

Health

16. The Rural Health Professions Action Plan (RhPAP) has been a valuable resource for recruiting doctors. How does Budget 2019 support RhPAP as well as the attraction of doctors to deliver services in small and rural communities?

Ministry response:
The Government of Alberta continues to support policy and programs to attract and retain physicians in Alberta. Budget 2019 continues to provide approximately $80 million to address the distribution of physicians through financial incentives, attraction and retention initiatives, and rural medical education programs. Funding remains unchanged for the Rural Health Professions Action Plan which works with communities to enhance the attraction and retention of health professionals for rural practice. Other initiatives and programs include:

- Rural Remote Northern Program – provides direct financial incentives to physicians who live and practise in underserviced communities.
- Rural Medical Education programs – support medical students and residents' experience with rural health care, with the goal of increasing interest in choosing a rural medicine career path.
- Physician Locum Service Program – ensures that communities with four or fewer physicians have access to continuous medical coverage if a physician is unable to provide services due to short term absences.
- Rural On-Call Program – provides remuneration to physicians providing emergency on call services at eligible facilities in rural areas.

On October 28, 2019, the Government of Alberta tabled Bill 21, *The Ensuring Fiscal Sustainability Act*. This legislation amends the *Alberta Health Care Insurance Act* to give the Minister of Health authority to manage the number of physicians billing the Alberta Health Care Insurance Plan. The proposed amendments will apply to physicians applying for a practitioner identification number after April 1, 2022. The changes will not apply to existing physicians.

With the change, new physicians will only be able to bill the government for delivering insured services if they practise in locations with an identified need. This includes rural and remote areas as well as underserved urban areas. Government would work with communities and experts to identify physician needs in geographic areas throughout Alberta. The goal is to ensure all Albertans have equitable access to physicians no matter where they live.

Infrastructure

17. The 2019-20 Provincial Fiscal Plan states that the provincial government will better leverage the Investing in Canada Infrastructure Program (ICIP). While it's not obvious in the Fiscal Plan how the province will accomplish this, AUMA seeks a response to the following questions.

    a) Are there any new infrastructure funds for municipalities in the budget?

    Ministry response:
    The *Fiscal Measures and Taxation Act* (Bill 20) enacts the *Local Government Fiscal Framework Act*, which fulfills government's commitment to predictable, long-term infrastructure funding for municipalities. The Local Government Fiscal Framework Act confirms Municipal Sustainability Initiative Funding amounts until 2021, and sets out a new funding mechanism beginning in 2022.

    In 2022, Calgary and Edmonton will share $455 million, and all other municipalities will share $405 million in funding. These amounts will change in subsequent years based on half of the percentage in change in provincial revenues from three years prior. For example, if provincial revenues increase by four per cent from 2019/20 to 2020/21, the total funding amount for 2023 is the previous year's amount, plus two per cent. This framework assures municipalities will continue to receive stable and predictable infrastructure funding every year, and this framework will be sustainable over the long-term. The province is considering how it will engage municipalities in implementing the new funding framework, including the development of an allocation formula.

b) Is it in the works to amend the bi-lateral agreement to allow municipalities to contribute both their share and the province's share, if the municipality has adequate funding available?

Ministry response:
Alberta has previously asked Infrastructure Canada if municipalities would be able to provide both the municipal and provincial portion of projects costs to support projects that receive ICIP funding. Infrastructure Canada has stated that this would violate the terms of the ICIP integrated bilateral agreement. Infrastructure Canada intends that all three levels of government provide support to municipal projects that receive ICIP funding. That being said, we will continue to advocate for more flexibility under ICIP to better suit all Albertans.

c) Are there plans for MSI funds to be allowed to count as the provincial portion for all federally-funded infrastructure projects?

Ministry response:
Yes. MSI funding may be used for the provincial matching funding in the Community, Culture, and Recreation Stream, and for recreation projects submitted under the Rural and Northern Communities stream. Should a second ICIP cycle occur, municipalities will be permitted to identify MSI as the provincial matching grant source for any of the four ICIP funding streams.

d) Are there plans for the Municipal Climate Change Action Center (MCCAC) funds to be allowed as the provincial portion?

Ministry response:
Yes. Funding granted by MCCAC can be counted toward meeting the provincial requirement to provide 33.33 per cent of total eligible project costs to municipal projects. MCCAC's approval would need to be in place before the project can be provincially endorsed and submitted to the federal government for ICIP funding.

Please note that to be eligible to receive ICIP funding, project tenders cannot be awarded and construction cannot start until after federal project approval.

e) When is the ICIP Expression of Interest (EOI) in-take process to be opened again?

Ministry response:
Contingent on available funding, a new ICIP project intake is anticipated to occur in spring 2020.

18. The 2019-20 Fiscal Plan identified that the Ministry of Infrastructure will now be responsible for certain school construction projects, which were formerly under the Ministry of Education. Does the Ministry of Infrastructure see this as an opportunity to work closer with municipalities regarding school site locations and plans?

Ministry response:
The funding portfolio for approved school projects and modular was transferred from the Ministry of Education to the Ministry of Infrastructure on April 1, 2018. Since that time, Infrastructure has been accountable for project implementation in support of the School Capital Program, including oversight of grant-funded school projects, payments to school jurisdictions during the design and construction phases of capital school projects, and portfolio financial management. Infrastructure assumes such accountability after project announcements are made, and continues to work with Education throughout the design and construction phases of each school project.

Education remains responsible for the planning phase used to prioritize potential school capital projects before announcements are made. Site readiness is a primary consideration as part of this planning phase, which prompts school jurisdictions to work with municipalities to establish site availability and identify potential risks or limitations, prior to project approval. Collaboration with municipalities on site procurements should be conducted during the planning phase of each proposed school project, so that site readiness is established before school project announcements are made. This phase of the project provides municipalities with considerable opportunities to work with government on school site locations and plans.

Justice and Solicitor General

19. Budget 2019 announces that the province will reduce the amount of fine revenue shared with municipalities from 73.3 per cent to 60 per cent starting in 2020-21. Estimates suggest this will reduce funding to municipalities by $37 million in 2020.

a) Revenues

i. What is the projected revenue related to this fine administration fee retained by the province, for fines generated at the municipal level?

Ministry response:
The province is authorized to retain a portion of the fine collection pursuant to section 14 (3) of the *Provincial Offenses Procedure Act*. If the percentage of traffic fines retained by the province increases from 26.67 per cent to 40 per cent, the estimated retention will be approximately $105 million for traffic fines generated at the municipal level per year.

ii. What does this fine administration fee represent on a per capita basis?

Ministry response:
The 2018 unofficial Alberta population total is 4,202,151. Therefore, the provincial fine retention on a per capita basis is $24.99.

iii. How does this per capita fee compare to other provinces?

Ministry response:
The provincial fine retention is not a "fee" and is not directly comparable to other provinces due to the varying policies and regulations regarding fine revenue.

b) Costs

i. What are the provinces costs to process fines and collections, for those fines generated at the municipal level?

Ministry response:
Justice and Solicitor General conducted a study in 2018, in which the estimated departmental costs are approximately $72 million for *Traffic Safety Act* fine processing and collection. Costs to other ministries and government agencies/boards/commissions were not included in the estimate.

ii. What does this total cost, translate to per ticket?

Ministry response:
The ministry's cost per ticket is estimated at $37.61, which is $72 million divided by 1,914,552 (2018/19 *Traffic Safety Act* ticket volume). This does not include other government costs.

iii. How does this per ticket cost compare to other provinces?

Ministry response:
The cost is not directly comparable to other provinces due to the different ways each province manages their fines.

c) Net revenue

i. If the cost per fine or ticket is less than the fine administration revenue – what is the province's justification for increasing their administration fee?

Ministry response:
The increase of provincial fine retention revenue is not an administrative fee increase. The increase of provincial fine retention is to fund programs that support or improve administration of justice or government initiatives.

ii. Has the province looked at ways to reduce their costs for processing fines or tickets?

Ministry response:
Yes, the province is continuously looking for ways to reduce the costs for processing fines or tickets. We are working on the digitalization of workflows and other ways to increase efficiencies.

Labour and Immigration

20. What is the future of the Summer Temporary Employment Program (STEP)?

AUMA findings:
Budget 2019 announces that the STEP program will be eliminated after the 2019-20 fiscal year. Municipalities that have historically used STEP to offset the costs of seasonal positions will now need to adjust their 2020 operating budget accordingly.

Municipal Affairs

21. The changing levels of funding under the MSI Capital and Basic Municipal Transportation Grant make it challenging for municipalities to estimate their future allocations. Will Municipal Affairs release a preliminary estimate of the 2020 and 2021 MSI Capital allocations so that municipalities have a general estimate that can inform their five-year capital plan? AUMA understands that these figures will change based on future fluctuations in the formula's data inputs used to allocate MSI.

Ministry response:
The Government of Alberta understands that it can be difficult for municipalities to estimate their individual Municipal Sustainability Initiative (MSI) allocations. We have now released estimates of MSI funding for 2020 and 2021 program years; municipalities have been informed of the availability of these estimates. We trust that the estimates will be useful as municipalities develop their 2020 budgets.

The estimates are available at: open.alberta.ca/publications/municipal-sustainability-initiative-allocation-estimates-2020-2021.

22. How does the reduction of the Grants in Place of Property Taxes (GIPOT) apply to a building that is privately owned but leased by a provincial entity?

Ministry response:
The reduction of the Grants in Place of Taxes (GIPOT) does not impact properties that are privately owned but leased by the province. For 2019/20, a small number of priority applications are eligible for full GIPOT payment:

- Municipalities where GIPOT is greater than five per cent of their tax base
- Outstanding eligible 2018/19 GIPOT properties
- Non-profit seniors' self-contained accommodations
- Properties where the Government of Alberta is the lessee
- Local improvement taxes
- Business improvement area levies

23. Budget 2019 announces that the province will change its policy to no longer use municipal census figures to allocate provincial funding to municipalities. Instead the province will collaborate with Statistics Canada to estimate the population of each municipality, which will be used in all population-based funding allocations starting in 2021.
    a. How will municipalities with significant shadow populations be affected by this change?

    Ministry response:
    The municipal population estimates apply only to usual residents, as defined by the census of Canada. The estimates capture people in their usual place of residence to ensure a person is included only once. Shadow populations, by definition, are not included; however, the Government of Alberta will work with Statistics Canada to estimate the shadow population at localized geographies using other methods.

    b. What opportunities will there be for municipalities to appeal the population figure used by the province?

    Ministry response:
    The Government of Alberta strives to produce the most accurate population estimates for municipalities. For quality control purposes, the producers of the municipal estimates (the Office of Statistics and Information) will have an open dialogue with municipalities to that if there are quality concerns, those issues can be investigated, and solutions be reached.

24. With the expiration of MSI planned for 2021-22, will a municipality still have six years from the funding year to expend its allocated funding?

Ministry response:
The funding agreements between the Government of Alberta and each MSI funding recipient states that all capital funds provided (and income earned) may be carried forward to the next five subsequent years and must be expended on an accepted project before the end of the fifth subsequent year, otherwise the funds shall be returned to the province.

The terms and conditions of the current funding agreements remain in place until March 31, 2027. Barring any unforeseen changes, municipalities will continue to have until December 31, 2026, to expend their capital funding from Budget 2021 and any income earned; however, the government will soon be reviewing what changes should be made to the program once MSI is replaced by the funding mechanism set out in the *Local Government Fiscal Framework Act*. As this work progresses, the province will assess whether any transition provisions will be necessary to deal with issues such as allocated but unexpended MSI funding. The new funding mechanism replaces MSI beginning in the 2022 program year, and any required program changes would likely take effect at that time.

AUMA sourced answers to the following questions from the October 25, 2019 webinar regarding Municipal Affairs' programs:

25. When can municipalities expect to understand the individual impact of the province's 25 per cent reduction of the Grants in Place of Property Taxes program for 2019-20 and the additional 32 per cent reduction in 2020-21?

AUMA findings:
On October 30, 2019, Alberta Municipal Affairs sent an email to all municipalities indicating that most applications in 2019 will be paid at approximately 75 per cent of the eligible amount (e.g. the amount on the tax bill). For 2020-21 and future years, it is anticipated that most applications will be paid at approximately 50 per cent of the amount requested by the municipality.

26. What are the province's estimates for future education property tax requisition amounts so that municipalities can prepare for those tax adjustments in their multi-year financial plans?

AUMA findings:
Budget 2019 froze the mill rates for provincial education property taxes so the small change in 2019 education property taxes is a result of changes in a municipality's equalized assessment. Looking forward to 2020 and future years, the province is projecting to increase education property tax requisitions by 4.6 per cent in 2020-21 and an additional 3.7 per cent in 2021-22. This will have a notable impact on property owners and restrict municipalities from sourcing the revenues they need for municipal services.

($ millions)	2018-19 Actual	2019-20 Budget	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
Education property tax	2,441	2,455	2,567	2,661	2,767
Year-over-year change (%)		0.6%	4.6%	3.7%	4.0%

27. What details are available about how the new Local Government Fiscal Framework (LGFF) will be administered and what projects will be eligible?

AUMA findings:
At this time, administrative details of the LGFF are not announced. The *Local Government Fiscal Framework Act* was introduced on October 28, 2019 through Bill 20, the *Fiscal Measures and Taxation Act, 2019*. The *Local Government Fiscal Framework Act* outlines the details specific to the funding amounts, the growth factors, and the allocation formula for Calgary and Edmonton. It also provides the Minister authority to create an allocation formula for the non-charter municipalities. AUMA will take an active role to influence the design of the allocation formula and administrative details such as how the funding can be used.

Seniors and Housing

28. Will the $1.2 billion investment announced in 2017 be maintained? If so, how will it be disbursed?

    Ministry response:
    The $1.2 billion investment is continued. Commitments made to projects in previous years will be honoured. Capital Maintenance and Renewal funding will be maintained (actually a slight increase) but development funding will decrease as the committed projects are completed. In total, $619 million will be dedicated to affordable housing over 4 years. Will continue to build affordable housing but do it differently – there will be more P3/mixed income models and more private sector involvement. Will also be looking to leverage more of the national programs with capital grants. Capital spending on affordable housing in Budget 2019 trends towards.

29. The 2019-23 Fiscal Plan indicates that operating funding for Housing Management Bodies (HMBs) will be reduced by an average of 3.5 per cent starting on January 1, 2020. What are the province's expectations of HMBs to avoid forcing an increase in municipal requisitions, which translates into an increase in taxes for property owners?

    Ministry response:
    Working closely with HMBs on reductions announced to community housing operating subsidies – no reductions to lodge program funding. Requisitioning is only allowed on lodge program expenses. Opportunities may exist for HMBs to work more closely together.

30. Budget 2019 outlines a plan to reduce funding to the Rental Assistance program by 24 per cent. This is notable considering homelessness across Alberta increased by 7 per cent from 2016 to 2018. What are the government's plans to ensure that reductions to the Rental Assistance program will not contribute to more homelessness across the province?

    Ministry response:
    Yes, there will be a reduction, but it will be phased over four years. Still working to reach those most in need – also looking at integrating the new federal Canada Housing Benefit funding program into a newly designed rental assistance program.

31. What steps is the province taking to coordinate, adjust, and develop policies, programs, and services to meet the needs of Alberta's aging population?

    Ministry response:
    The Ministry will be maintaining seniors' benefits – indexing will be paused, and benefits maintained at current levels. There will be a focus on healthy aging and aging in community. There is formal joint capital planning in place to identify when continuing care and lodge developments should occur together to support efficient operations and aging in community. Looking at a formalized process with Alberta Health for continuing care to explore different service delivery to make it more simplified.

32. How will the province consult with municipalities to plan for the impact of an aging population and establish age-friendly communities?

    Ministry response:
    Province is willing to continue to work with municipal partners on solutions. Open to exploring a webinar with AUMA members in the coming months.

Service Alberta

33. Service Alberta's Business Plan for 2019 to 2023 states that one of its goals is to improve Albertans' access to registry services and land titles. How does Budget 2019 support a plan to increase access to registries for persons living in communities with no registry service?

Ministry response:
Our world is changing rapidly, and it is important that government services continue to meet the needs of Albertans. We are always looking for ways to serve Albertans better, and that includes improving and modernizing the delivery of registry services through innovative service delivery methods and technology. We are working collaboratively with our registry agent stakeholders on a joint roadmap for registry services modernization. This includes looking at registry agent sustainability and viability, and a framework for delivering online services together.

Further to this, the Motor Vehicles System (MOVES) is in the process of a re-platform project, which is nearing completion. The MOVES application re-platform will position Service Alberta for future system enhancements to improve functionality and ultimately improve service delivery to Albertans, such as online motor vehicle services.

In November 2017, Service Alberta launched MyAlberta Verify, making Alberta the first province to offer a verified digital identity. MyAlberta Verify leverages trusted government systems to verify the identity of citizens online so Albertans can use their MyAlberta Digital ID to access services previously considered too sensitive to deliver online. The department continues to expand and enhance online delivery of services through MyAlberta eServices and Digital ID, and build out new features and in support of registry services modernization.

34. The Alberta First Responders Radio Communication System (AFRRCS) has had its budget reduced to $17 million in the 2019-20 Fiscal Plan. What is the Ministry's long-term plan for AFRRCS?

Ministry response:
The AFRRCS budget is actually the same in 2019-20 as it was in 2018-19. In 2018-19, $2.9 million in capital funding was re-profiled to operating expenses to assist with the migration of the Royal Canadian Mounted Police, Alberta Law Enforcement Response Teams, and First Nations Policing to AFRRCS, which is the reason for the difference.

AFRRCS will transfer to Municipal Affairs under the Alberta Emergency Management Agency (AEMA) effective January 1, 2020. This will provide better synergy between the province and the various public safety organizations across Alberta. Budget 2019 invests $17 million in AFRRCS for operations, and to bring even more communities onto the system.

Transportation

35. Budget 2019 announces that the low income transit pilot program will be extended at a cost of $9.5 million per year. Considering this program has only been available to Calgary and Edmonton to-date, when will support be extended to other cities that operate public bus transit programs?

Ministry response:
Alberta Community and Social Services is responsible for the low income transit pilot program and has provided the following information.

Alberta Community and Social Services is partnering with communities and civil society organizations to support the well-being of vulnerable Albertans. Budget 2019 maintains $100 million for Family and Community Support Services, helping municipalities and Métis Settlements design and deliver preventative social services that meet local needs.

Our government is committed to living within its means, to ensure vital programs are sustainable for future generations. With the fiscal challenges Alberta is facing, low-income transit funding is not being expanded to other communities in this budget.

36. The 2019-23 Fiscal Plan indicates that the Alberta Community Transit Fund has been terminated because it was funded using revenue from the carbon levy. What is the status of projects previously approved under the Alberta Community Transit Fund?

Ministry response:
In Budget 2019, the government carefully considered priorities across the province during this time of fiscal restraint. We made the difficult decision to not provide funding for the Alberta Community Transit Fund. No funding was provided through this program since this fund was introduced in 2018.

Alberta Transportation will be working with municipalities to explore options for them to directly access the federal public transit funds under the Investment in Canada Infrastructure Program funding.

37. Budget 2019 commits $22 million for the Strategic Transportation Infrastructure Program (STIP) in 2019-20 and $15 million in 2020-21.

a) What is the breakdown of the underlying STIP programs for 2019-20 and 2020-21, which include the Community Airport Program, the Local Road Bridge Program, the Resource Road Program, and the Local Municipal Initiatives program?

Ministry response:
Typically, STIP funding is allocated for both fiscal years as follows:

- Community Airport Program – 6 per cent
- Resources Road Program – 15 per cent
- Local Road Bridge Program – 66 per cent
- Local Municipal Initiatives – 13 per cent
- In 19/20, approximately $30 M in grant funds were approved as follows:
    - CAP - $1.7M
    - RRP - $5.6 M
    - LRB - $18.9 M
    - LMC - $3.9 M
- $25 M in funding has been included in the Business Plan. Assuming the historical breakdown is used, this will result in the following:
    - CAP - $1.5 M
    - RRP - $3.7 M
    - LRB - $16.5 M
    - LMC - $3.3 M

b) And what is the long-term plan for this program?

Ministry response:
Budget 2019 extends funding for STIP, which provides grants to our municipal partners for critical local infrastructure priorities. We are investing $83.7 million over four years in STIP. The funding breakdown in the Budget 2019 Capital Plan is as follows:

- $22.3 million in 2019-20
- $15.0 million in 2020-21
- $21.4 million in 2021-22
- $25.0 million in 2022-23

38. Both the Alberta Municipal Water and Wastewater Partnership (AMWWP) and the Water for Life programs have seen significant funding reductions in the 2019-20 Fiscal Plan. What is the Ministry's long-term plan for these two programs?

Ministry response:
The Government of Alberta understands small and rural communities across Alberta need support to ensure they have reliable and efficient water and wastewater treatment facilities. In Budget 2019, we are maintaining funding for AMWWP and Water for Life to leverage federal funding where possible to support critical water and wastewater projects. In addition, we are supporting municipalities in exploring innovative technologies to provide water and wastewater services.

Budget 2018 published a five year Capital Plan (2018-19 to 2022-23), whereas Budget 2019 published a four year Capital Plan (2019-20 to 2022-23). When comparing the same fiscal years of 2019-20 to 2022-23 in each Capital Plan as shown in the table, the AMWWP and Water for Life program funding has increased by $4 million (Budget 2018 of $280 million compared to Budget 2019 of $284 million).

In addition, the table shows a small decrease of $6 million in 2019-20 which is fully offset by an increase of $10 million in 2020-21, resulting in a net increase of $4 million.

(In Millions)	2019-20	2020-21	2021-22	2022-23	4-Year Total
Budget 2018					
Municipal Water and Wastewater Program	25	14	22	22	83
Water for Life Program	56	41	50	50	197
Budget 2018 Total	81	55	72	72	**280**
Budget 2019					
Municipal Water and Wastewater Program	32	14	22	22	90
Water for Life Program	43	51	50	50	194
Budget 2019 Total	75	65	72	72	**284**
Total Increase / (Decrease)	**(6)**	**10**	**-**	**-**	**4**

39. AUMA notes that funding for the First Nations Water Tie-In Program will decline between 2019-20 and 2022-23. Will the original six-year commitment of $100 million in funding be met by 2022-23 and how many more First Nations in Alberta will have access to safe drinking water by the end of the program?

Ministry response:
Our government is continuing our commitment to provide all Albertans with reliable access to clean drinking water. Budget 2019 includes $53 million over four years (2019-20 to 2022-23) to support waterline connections between First Nations and regional drinking water systems.

With this budget of $53 million and actual expenditures of $47 million in prior years, the original commitment of $100 million under this program will be met.

By the end of the program, seven First Nations will have access to safe drinking water including:

- Alexis Nakota Sioux First Nation
- Paul First Nation
- Whitefish (Goodfish) First Nation
- Cold Lake First Nation
- Dene Tha' First Nation
- Maskwacis First Nation
- Mikisew Cree First Nation

In addition, five feasibility studies are planned to be completed with funding under this program.

40. Page 136 of the 2019-23 Fiscal Plan indicates that investments in 'Highway Twinning, Widening and Expansion' will grow over the next three years. Is a list of those projects currently available and if not, when can communities expect to learn what projects are funded?

Ministry response:
The Budget 2019 Capital Plan includes $597 million over four years ($95 million in 2019-20, $133 million in 2020-21, $178 million in 2021-22 and $191 million in 2022-23 for Highway Twinning, Widening and Expansion under Roads and Bridges.

Every year Alberta Transportation's Provincial Construction Program is released as part of the Government of Alberta's annual budget and is available online at https://www.alberta.ca/provincial-construction-program.aspx.

The 2019 Provincial Construction Program is subject to change and includes:

- Major capital projects scheduled for the next four years (2019-20 to 2022-23),
- Capital maintenance and renewal (bridge construction and highway rehabilitation),
- Water Management infrastructure projects scheduled for the next three years (2019-20 to 2021-22), and
- Slide repair projects scheduled for this year (2019-20).

Treasury Board and Finance

41. How will municipalities be affected today and into the future by the government's decision to move the responsibilities of the Alberta Capital Finance Authority (ACFA) under the Ministry of Treasury Board and Finance?

    Response from the Ministry of Municipal Affairs:
    The Government of Alberta has not changed its policy on providing low-cost loans to local authorities; however, as part of Budget 2019, the government will begin the process of dissolution of the ACFA and delivery of this program will change. The Ministry of Treasury Board and Finance will assume responsibility for the important work currently done by the ACFA, and the province will make loans directly to local authorities. As part of this responsibility, loan applications will be approved by the Minister.

    This is one component of the government's effort to shrink its footprint, streamline lending and its associated costs, and better calibrate the risks associated with this debt. Among other things, the dissolution of the ACFA will improve the province's cash management by eliminating the need for the ACFA to hold cash. This will reduce government's borrowing requirements and, ultimately, the total amount of debt issued by the province.

    The dissolution of the ACFA will not occur immediately but in phases. The ACFA will continue to grant new loans and administer existing loans until the transition is complete. At the same time, the provincial government and ACFA staff will identify, and implement where possible, the actions required to transfer lending and loan administration responsibilities to the province.

    Amendments contained in legislation cancel the existing shares of the ACFA and replaces them with a single share owned by the Crown. The legislation requires reimbursement of $10 per share for all shares held by local authorities.

    The important work of lending to local authorities at the province's cost of funds will continue uninterrupted and Albertans will continue to benefit from this work.

42. Budget 2019 announces that the Lottery Fund will be dissolved and any revenues from VLTs, slot machines and lottery tickets will now become part of general revenue. How will this change impact community organizations that have historically accessed dollars through the Lottery Fund to support volunteer and community-based events and programs?

    Response from the Ministry of Justice and Solicitor General:
    There is no change to the way that organizations benefit from charitable casino events as a result of the Lottery Fund being dissolved. For example, organizations conducting charitable casino events will still receive 15 per cent of the proceeds generated from slot machines in charitable casinos. Dissolving the Alberta Lottery Fund is an administrative change that lowers costs and simplifies reporting and accountability.

    The Lottery Fund was originally set up to show how the excess revenues from casinos (above and beyond the 15 per cent) were being spent by government. Over the last decade, those funds were being transferred to General Revenue, via the Lottery Fund, to pay for core government programs such as health care and education. Now, it is intended that those funds will go straight into General Revenue and will continue to be used for the same funding purposes, but without being diverted through a specific Lottery Fund.

Program spending will continue as budgeted, and respective ministries continue to be accountable for this spending. Through Budget 2019, five funds were dissolved, saving roughly $13 million in debt servicing costs per year.