



Questions & Answers on  
Alberta's 2020-21 Budget

April 28, 2020



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## A. Introduction

On February 27, 2020, the Government of Alberta released its budget for the 2020-21 fiscal year. The following day, AUMA hosted a [webinar with municipalities to report on AUMA's preliminary analysis](#) of how Budget 2020 will impact municipal governments and communities. Webinar participants posed a series of questions that AUMA was unable to answer at the time. Per our commitment to members, AUMA reached out to the Government of Alberta in early March for more information. This report summarizes the questions posed to the province and the response from each ministry.

At this time, AUMA has not received responses from all government ministries. This document will be updated as additional responses are received and communicated through our Digest e-newsletter. This report is a supplementary resource to [AUMA's Preliminary Report on the Government of Alberta's 2020 Budget](#).

### Note on COVID-19

Since the Government of Alberta released its 2020-21 budget, the outbreak of the COVID-19 virus and **significant declines in oil prices have had a detrimental impact on Alberta's economic environment**. As such, the ministry responses presented in this report could change based on any decisions by the government to respond to the new economic reality.

## B. Questions and Answers on Budget 2020 by Ministry

### Community and Social Services

*AUMA is awaiting a response from the Ministry of Community and Social Services on the following question:*

1. How much does Budget 2020 invest in the new Family Resource Network program and how does that compare to historical funding for the former Parent Link Centre program? In addition, how are communities being supported through any adjustments in funding as relates to the new scope of service of the Family Resource Network program?

### Economic Development, Trade and Tourism

2. **Objective 2.1 of the Ministry's 2020-21 Business Plan** indicates the province will implement an Investment Growth Strategy. Municipal governments have a key interest in economic development at the community level and are wondering how and when will they have the opportunity to partner in the implementation of the Investment Growth Strategy?

#### *Minister's response:*

EDTT is leading the development and implementation of a provincial strategy for investment and growth. We recognize that in order for this effort to be successful we will need to work with municipal and provincial partners. We expect announcements this spring with details on our strategy, including how and when municipalities can partner on the initiative.

3. In a December 6, 2019 letter to AUMA, the Ministry indicated that all programs and services, including the Regional Economic Development Alliances (REDAs) and the Community and Regional Economic Support (CARES) programs were under review.

- a. Can the Ministry share an update on the status of that review?
- b. What is the allocated budget for REDAs in 2020-21 and how does that compare to budgeted amounts in 2018-19 and 2019-20?
- c. What is the allocated budget for CARES in 2020-21 and how does that compare to budgeted amounts in 2018-19 and 2019-20?
- d. If there are changes to funding for REDAs and CARES, please explain how the Ministry plans to **work with regional economic development representatives to attract investment to Alberta's diverse communities?**

*Minister's response:*

Our government has made some tough decisions in planning the 2020-21 provincial budget. I also must acknowledge that the government measures to address the needs of Albertans, businesses and communities in response to COVID-19 and the downturn in oil prices will have an important, and not yet fully known, effect on our plans.

I will advise that the Regional Economic Development Alliances (REDAs) will continue to receive support for their organizational operations, although at a reduced level to half of what was available in prior years. REDAs have a role to play in supporting growth and prosperity in **Alberta's local and regional economies. EDTT will continue to work with REDAs and other economic development partners as we continue to stabilize our economy.**

I will also share that the CARES program allocated \$6 million to communities in 2018-19 and \$4 million in 2019-20. This program, among others will be reviewed and adjusted in consideration of the need to respond to the COVID-19 pandemic. I assure you that my Ministry will continue to engage with its stakeholders to evaluate needs and respond with solutions that align to the priorities of Albertans.

## Energy

4. With the growing use of electric vehicles, has the Government of Alberta assessed the long-term **impact this may have on Alberta's electric system in terms of demand for generation and distribution? What changes or investments, if any, may be required to meet this new demand?**

*Minister's response:*

Electric vehicle ownership in Alberta is low and has a negligible effect on overall electricity consumption in Alberta. Unlike many other jurisdictions, large industrial and commercial **users, not residential users, consume most of Alberta's electricity. Residential customers make up about 20 per cent of Alberta's total electricity consumption. As such, growth in electric vehicle use will not likely impact Alberta's overall electricity consumption as much as other jurisdictions where residential consumption makes up a larger share of overall consumption.**

However, as in other jurisdictions, electric vehicle use is growing in Alberta. While growth in electric vehicles may not be a major source of demand for electricity generation yet, their use may have a significant impact on local distribution networks and the need to upgrade wires and transformers.

Alberta Energy has not undertaken an internal assessment of the long-term impact of electric vehicles on the electric grid. However, the Alberta Utilities Commission (AUC), the Alberta

Electric System Operator (AESO), Alberta's utilities, and municipalities are all considering the effects of electric vehicles on the grid. For instance:

- The AUC is undertaking an inquiry into the future of the distribution system. This inquiry includes consideration of the impacts of electric vehicles on local distribution networks. The outcomes of the AUC inquiry, as well as other work by stakeholders, will help inform the development of any future policy related to electric vehicle charging as part of an overall policy review focused on the future of the electricity system.
- EPCOR recently completed a study with the University of Alberta to better understand the effects of distributed energy sources, including electric vehicles, on local distribution networks. EPCOR submitted **this study as evidence in the AUC's inquiry** into the future of the distribution system.
- In its 2020 Long-term Transmission Plan, the AESO acknowledges that electric vehicle adoption will contribute to future load growth, primarily in the Edmonton and Calgary regions. The plan, which is updated every two years, identifies current and future transmission needs for a range of possible demand and generation conditions, and sets out flexible plans to respond to them. The AESO will continue to monitor and evaluate the need for transmission infrastructure to support growth in electric vehicles as part of its ongoing planning process.
- Work is also happening at a municipal level to better understand electric vehicle charging needs. The cities of Calgary and Edmonton have been working with a consulting firm to conduct an electric vehicle home and workplace charging study.

Government is in contact with these groups, and the outcomes of this work will help inform the development of any future policy related to electric vehicles, as part of an overall policy review focused on the future of the electricity system.

Alberta has a competitive market for electricity generation. Private companies invest to build electricity generation based on current and forecasted price signals, which are determined by supply and demand. These companies are expected to consider the potential for electric vehicle **growth as part of their forecasting of Alberta's future electricity demand and invest** accordingly.

## Environment and Parks

*AUMA is awaiting a response from the Ministry of Environment and Parks on the following question:*

5. The Ministry has announced that it is seeking partners to assume operational responsibility for 164 park sites across Alberta or the sites will become vacant public land. Municipalities are mentioned as a potential partner to receive these parks sites through sale or transfer. What is **the Ministry's** plan to engage municipalities on this initiative?

## Infrastructure

6. Budget 2020 announces the creation of a new Rural Health Facilities Revitalization Program with a budget of \$5 million in 2020-21 and \$15 million per year in 2021-22 and 2022-23. Are there specific facilities that have been identified for that funding or, if not, how can a community apply to receive that funding for their local facility?

*Ministry response:*

Budget 2020 includes \$35 million over the next three years for rural health facilities. The funding will focus on smaller, strategic health capital initiatives that will improve access, quality, and operations of rural AHS health facilities.

Specific health facilities have not been identified, as Alberta Health and AHS are working together to develop the program details. Planning with AHS will occur at the local, zone, and provincial levels.

7. Budget 2020 announces that there will be new investments through the Investing in Canada Infrastructure Program (ICIP) in various portfolios in 2020-21.

a. What is the total amount that municipal governments are eligible to receive in 2020-21?

*Ministry response:*

Infrastructure Canada determines ICIP funding amounts for projects. Alberta is not able to provide specific ICIP funding amounts for projects until they have been federally approved.

Approximately 70 per cent of the projects endorsed by the Government of Alberta are municipal and regional service commission projects.

ICIP project endorsement decisions aligned with the annual provincial budget process and have been communicated to all applicants.

b. What portion of the funding is already committed to previously approved projects?

*Ministry response:*

**Of Alberta's total ICIP allocation of \$3.65 billion, approximately \$2.7 billion has been committed to 13 federally approved projects.**

Project	Community	ICIP Amount
Alberta Capital Region Wastewater Commission – Waste Gas Burner Facility	City of Fort Saskatchewan	\$1,780,000
Ben Calf Robe School Building Upgrades	Edmonton	\$6,000,000
Green Line LRT	Calgary	\$1,530,000,000
Edmonton Valley Line West LRT	Edmonton	\$948,560,000
Metro Line Northwest LRT Extension	Edmonton	\$127,200,000
New Mechanical Expansion at Wastewater Treatment Facility	Lloydminster	\$9,078,915
Telus World of Science Aurora – Phase 4	Edmonton	\$8,650,000
Winspear Completion Project	Edmonton	18,169,957
Heritage Park Natural Resources Project – Keeping <b>Alberta's Story Alive</b>	Calgary	\$2,045,605
Interfaith Foodbank Building Upgrades	Lethbridge	\$120,700
Jerry Forbes Centre for Community Spirit Renovation Project	Edmonton	\$1,799,600
Vivo Expansion Project	Calgary	\$15,000,000
YWCA Calgary Hub Facility Project	Calgary	\$6,029,368

- c. If new funding is available to municipalities, when is the application period expect to be opened?

*Ministry response:*

At this time, there is no plan for a future ICIP project intake.

8. How will municipalities be engaged in developing and implementing the 20 Year Capital Plan?

*Ministry response:*

Alberta Infrastructure intends to reach out directly to the AUMA in the near future. Infrastructure will seek input on what trends AUMA envisions are on the horizon for infrastructure needs in Alberta and for Albertans over the next 20 years. We also intend to seek the input of all Albertans and stakeholders through a survey that will be available at alberta.ca. Municipalities are well positioned to share their thoughts about the future, and the Ministry looks forward to receiving that input.

## Justice and Solicitor General

9. With the implementation of the new police costing model, communities of under 5,000 population have many questions. To aid in their planning and communication with residents, please provide a response to the following:

- a. Under the new police costing model, when will municipalities be invoiced and when are payments due for 2020-21?

*Ministry response:*

Invoices will be issued in January 2021 with payment due upon receipt of invoice.<sup>1</sup>

- b. Will the timeline for invoicing be repeated for the 2021-22 year and if not, what timeline will be used in 2021-22?

*Ministry response:*

The intention is to always issues invoices in January for the Police Costing Model.

- c. Why did the Government of Alberta choose to bill municipalities for policing costs rather than a requisition from property owners?

*Ministry response:*

In discussions with Municipal Affairs on the requisition process it was felt that invoicing municipalities was the most straightforward method for implementing the Police Costing Model.

- d. AUMA understands that the additional funding generated through the new model will be invested to increase the number of police officers in Alberta, but will additional administrative positions also be funded to support the new frontline officers?

*Ministry response:*

Under the Police Costing Model, new civilian positions will be added that will assist with administrative tasks and investigative support to improve response times and help ensure

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<sup>1</sup> Justice and Solicitor General provided this response on March 6, 2020, but given the challenges of the COVID-19 pandemic, AUMA is strongly advocating that the implementation of the model be delayed for at least one year (i.e. no invoices issued until 2022) and is currently awaiting a response from JSG.

officers have the support network they need to protect Albertans by spending more time on roads and in communities.

- e. Under the new police costing model, communities with enhanced police positions (RCMP officers employed by communities at their own expense) will no longer be billed for those positions. When is the freeze date for adding enhanced policing services?

*Ministry response:*

The freeze was officially put in place when the new Police Funding Regulation came into force. This happened on when the regulation was signed by the Minister on January 22, 2020.

- f. If the formula for the new police costing model places a municipality in a net credit position, how will that credit be handled?

*Ministry response:*

**No municipality is in a 'net credit position'** in regard to the Police Costing Model billing. Invoices for the funding model will total \$22.4 million but municipalities with option 1 enhanced policing positions will no longer be invoiced for those positions so that will reduce the amount municipalities are expected to pay by \$7 million for a net new billing of \$15.4 million.

*AUMA example:*

For example, if a municipality is going to be invoiced \$750,000 under the police costing model, but was already paying \$1,000,000 for enhanced policing positions, this municipality will see a net benefit of \$250,000 under the new model. However, as these are separate programs, the municipality is not in a **"net credit" position** under the police costing model. They are invoiced \$750,000 under the new model, and are no longer responsible for paying the separate \$1,000,000 for enhanced policing positions, so the municipality will see an overall savings of \$250,000 in policing costs.

- g. What support is given for a community whose detachment officers spend a disproportionate amount of time in one of their catchment areas?

*Ministry response:*

The crime severity index (CSI) captures the volume and nature of crime that a detachment handles, and if it is higher than the average for police costing model municipalities, a community will be provided with the CSI subsidy. We have worked with the RCMP to divide up CSI proportionately to the affected communities in cases where a detachment covers many municipal boundaries. However, we acknowledge that CSI does not cover non-criminal calls for service that may contribute towards the workload of a detachment. That is a limitation of this model.

10. The plan to increase police officers across Alberta will likely have an **impact on Alberta's justice system**. What steps is the Ministry taking to address existing backlogs in the court system to ensure that the work of additional officers is effectively supported by other levels of the justice system?

*Ministry response:*

The Government of Alberta is undertaking several initiatives to address justice system efficiencies including:

- Staffing issues affecting the Alberta Crown Prosecution Service across the province:

- Committed to spending \$10 million to hire 50 new Crown prosecutors and support staff to enhance the functionality of our criminal justice system. The investment in additional Crown prosecutors will help prioritize the safety of every Albertan with a fairer, more responsive, and faster justice system.
- Funding 4,000 addiction treatment spaces over the next four years as a step toward addressing addiction. Given many property crimes are found to be fuelled by addiction, **this step is part of government's \$140 million** commitment to improving addiction and mental health and opioid response strategies.
- Investing up to \$20 million over four years to expand drug treatment courts to five additional sites across the province. Lethbridge will have the first drug treatment court outside of Edmonton and Calgary. Further expanding these courts to locations outside of Calgary and Edmonton will help keep more Albertans safe by breaking the cycle of addiction-related crime.
- Committed to developing a policy that deals specifically with repeat offenders in order to ensure they are dealt with consistently and effectively across the entire system, encouraging the increased use of electronic monitoring of high-risk and repeat offenders, and establishing a high-risk repeat offenders unit in each judicial district to dedicate resources to dealing specifically with these cases.
- Doubled the number of articling students in Justice and Solicitor General from eight to sixteen.
  - The students will start on July 2, and to fulfil our government's **promise to ensure** rural Albertans are better served by the justice system, they will be placed in a variety of locations including Fort McMurray, Grande Prairie, Slave Lake, Fort Saskatchewan, Wetaskiwin, the Edmonton Rural and Regional Response Office and Calgary Rural and Regional Response Office.
  - Articling students will receive valuable and practical experience and will help Crown prosecutors focus on higher priority files, making our justice system faster and more efficient.

*AUMA is awaiting a response from the Ministry of Justice and Solicitor General on the following questions:*

11. What is the impact on the 2020-21 budget as a result of the implementation of the new police costing model including:
  - a. Budgeted revenue from municipalities in 2020-21 compared to 2019-20?
  - b. Budgeted expense for policing in 2020-21 compared to 2019-20?
12. Will small communities who begin to pay for policing be guaranteed to receive the same number or more officers on the ground in their community?
13. What is the 2020-21 budget for the Municipal Policing Assistance Grant?
14. What is the 2020-21 budget for the Police Officer Grant?

## Municipal Affairs

15. **Alberta's 2020-23 Fiscal Plan** states that the 2020 provincial education property tax requisition was set based on a new approach using a formula of population growth and inflation. What are the details of that formula?

*Ministry response:*

As first indicated in Fiscal Plan 2019-23, the education property tax requisition was to be set based on Alberta population growth and inflation as measured by the percentage change in the Alberta Consumer Price Index. The resulting increase to the education property tax requisition for 2020-21 **has now been cancelled as part of the government's efforts to respond to the impacts of COVID-19 by keeping additional dollars in taxpayers' pockets.**

16. In 2018, actual expenditures for the Alberta Emergency Management Agency (AEMA) was \$160 million and in 2019-20, the AEMA's budget was reduced to \$125 million. In Budget 2020, the AEMA's budget is reduced further to \$77 million and is projected to remain at that level for the next three years.
- What changes are taking place to AEMA that are resulting in such significant cost savings?
  - How will these changes impact the support that municipalities have historically received through AEMA in terms of training, planning, and preparation for local emergencies?
  - How will these changes potentially impact the support that municipalities receive during an active emergency?

*Ministry response:*

**AEMA's budget remains largely unchanged. The variance represents Disaster Recovery Program funding, which does not form part of AEMA's base budget and is specifically approved by Treasury Board on an as-required basis. AEMA will continue to support Alberta's municipalities through the 14 Regional and four First Nations Field Officers, support for regional All Hazard Incident Management Teams, and in-person and online emergency management training.**

17. Do increases in the provincial education property tax help fund capital expenditures such as the construction of new schools?

*AUMA finding:*

No, according to the Government of Alberta's 2020 [Education Property Tax Fact Sheet](#), provincial education property taxes fund the operating costs of Kindergarten to Grade 12, **including teachers' salaries, textbooks and classroom resources.** Education tax is not used to fund other government operations, capital costs like school construction or renovation, or teachers' pensions.

## Transportation

18. In a February 6, 2020 letter to AUMA regarding Alberta's 2019 Budget, the Minister of Transportation indicated that following the cancellation of the Alberta Community Transit Fund, **"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". Can the Ministry elaborate on what steps the province will take in 2020-21 so that municipalities can potentially access federal public transit funds?**

*Ministry response:*

**As part of the federal government's Investing in Canada Infrastructure Program (ICIP), Alberta has access to \$2.1 billion dollars over the 10-year period between 2018 and 2028 to improve and expand existing public transit systems. The Government of Alberta will administer this funding and will work with municipalities to identify and select projects. Currently, Alberta**

Transportation is exploring options for an intake process. Once this process is defined, the province will inform municipalities on how to access ICIP funding.

19. Gasoline and diesel fueled vehicles pay a fuel tax which is one method of funding the cost of **maintaining Alberta's road network. With the growing number of electric vehicles entering the market, does the Government of Alberta have any plans to collect road tax from electric vehicles?**

*Ministry response:*

Alberta Treasury Board and Finance has provided the following information. As you mentioned, electricity used by electric vehicles is not subject to the fuel tax. One of the key policy questions the government would have to consider is how to tax electricity consumption used by vehicles without also taxing other household use, as power typically enters a residence through a single meter. However, since all fuel tax revenue goes into the General Revenue Fund and is not specifically dedicated to road construction and maintenance, broadening the fuel tax base would not necessarily affect overall funding for roads.

At the moment, the Government of Alberta is not considering generating revenue to maintain infrastructure through a road tax on electric vehicle or any other similar mechanism. However, Alberta Transportation actively engages in policy development across government departments and monitors related regulatory changes in other jurisdictions to identify their impacts and assess if such changes are necessary in Alberta.

## Treasury Board and Finance

*AUMA is awaiting a response from the Ministry of Treasury Board and Finance on the following question:*

20. Prior to Budget 2019, **Alberta's annual fiscal plan would report how Lottery Fund revenue was allocated to government programs and community organizations.** In Budget 2019, the province announced that the Lottery Fund would be eliminated to reduce debt servicing costs and **at the same time, it stopped reporting how revenues from VLT's, slot machines, table games, and lottery tickets was being invested.** Municipal leaders are looking for clarity on whether community organizations will continue to receive similar levels of funding from gaming and lottery operations as they have in the past.

How does Budget 2020 plan to invest the estimated \$1.4 billion in revenue generated from lottery and gaming operations and how does that compare to 2018-19 and 2019-20?