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Municipal Minister Mash-up!

A Conversation with Former Ministers of Municipal Affairs

Executive Committee

September 23, 2020



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Executive Advocacy Report

2020 Convention



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2020 Advocacy Highlights

- Assessment Model Review
- Keeping Local Elections Local
- Financial Support for Municipalities
- Local Government Fiscal Framework



Assessment Model Review

- AUMA strongly recommends abandoning changes to the assessment model in favour of temporary incentive-based tax reductions for companies investing in Alberta.
- AUMA would like the subject matter experts of the Ministry of Energy to be involved in developing an incentive-based tax solution.
- The province needs to be a partner in this solution by reducing their portion of the Education Tax Requisition by an equivalent amount.

Keeping Local Elections Local

- Maintain local elections for local issues
- Request not to hold senate election and referendum in conjunction with the local elections in 2021
- Advocate for changes to Bill 29, the Local Authorities Election Amendment Act 2020, so it better aligned with member principles



Support for Municipalities During COVID-19

The Problem

- Municipalities simply do not have the tools they need to respond to and help our communities recover from this crisis.

The Solutions

- Short term - immediate, coordinated capital stimulus and emergency operational funding.
- Long term – we need a new federal-provincial-municipal fiscal relationship.

Federal Safe Restart Agreement

\$ millions

Federal Portion

Provincial Portion

Total

Operational support	233	233	466
Transit support	70	70	140

\$ 303

\$ 303

\$ 606



Municipal Stimulus Funding

- \$500 million new capital funding from the province
- Objective is to create and sustain local jobs, support economic growth, and reduce red tape
- Allocated using the Gas Tax Fund formula
- Construction must begin in 2020 or 2021

Provincial Stimulus Funding

Investments in municipalities

- \$500 million Municipal Stimulus Program
- \$50 million new funding under the Strategic Transportation Infrastructure Program (STIP)
- \$150 million new funding under the Alberta Municipal Water/Wastewater Partnership (AMWWP)
- \$303 million contribution in the Safe Restart Agreement

Investments in provincial infrastructure

- \$612 million for large scale projects



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Local Government Fiscal Framework



Vision & principles for a new infrastructure funding framework

Vision

Alberta municipalities have an enduring partnership with the Government of Alberta that recognizes our shared responsibility to fund the infrastructure that Albertans rely on to maintain economically, environmentally and socially resilient communities.

Principles for new infrastructure pool

Revenue adequacy

Predictability

Responsive

Honour prior commitments

Embedded in legislation

Principle/objective	Rating	Reason
Revenue adequacy	✘	LGFF will deliver 25% less funding than the 2011-2021 average of MSI and BMTG and will not keep pace with the economy.
Increased predictability	✔	Allocations are known two years in advance.
Responsiveness	✔	Indexed to provincial revenue.
Honour prior commitments	✘	Municipalities will receive \$170 million less than the original \$11.3 billion MSI commitment.
Legislated	✔	<i>Local Government Fiscal Framework Act</i>



Opportunities for improvement

1. Increase the 2022 starting funding amounts.
2. Remove the 50% growth restriction so that the funding keeps pace with the economy and local community needs.
3. Increase the \$100 million exemption limit to simplify and improve predictability.
4. Legislate the LGFF operating component.
5. Require that the *Act* be reviewed on a periodic basis.

Current Risks

- The Local Government Fiscal Framework (*LGFF*) *Act* has not been proclaimed
- COVID-19 and low oil prices are placing significant strain on provincial revenues
- The province may target LGFF to reduce spending to meet its goal of a balanced budget
- If there are no changes, municipalities should expect a significant reduction in 2023 funding as it will be calculated based on the province's revenue in this fiscal year

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Relationship Building – A Conversation with Former Ministers of Municipal Affairs

- Doug Griffiths
- Diana McQueen
- Danielle Larivee



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- **Doug Griffiths**
- 2011-2013



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- Diana McQueen
- 2014-2015



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- **Danielle Larivee**
- 2015-2017



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Thank you for attending!

