

## 2021/2022 Provincial Budget Update

### Report Purpose

To provide Council with an update on the 2021/2022 Provincial Budget and its impacts on Strathcona County.

### Recommendation

None.

### Our Prioritized Strategic Goals

Goal 1 - Build strong communities to support the diverse needs of residents

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure

Goal 6 - Provide facilities and services that are available and accessible to residents

### Report

On February 25, the Provincial Government released their budget for 2021-2022. The budget contained several changes to municipal funding or responsibilities that will impact municipalities across the province. The budget (via Bill 60, *Appropriation Act, 2021*) was passed on March 25.

Funding for Grants in Place of Taxes, Libraries, Family and Community Support Services, and agricultural societies remains flat.

### Municipal Sustainability Initiative (MSI):

Overall funding under the MSI in 2021-22 will be \$1.2 billion. Funding will be reduced to \$485 million in 2022-23 and 2023-24, resulting in an average funding level of \$722 million per year. This equates to a cut of roughly 25% over the next three years.

Local Government Fiscal Framework (LGFF) funding is planned to begin in 2024-25 and projected to continue at \$722 million per year.

	<b>2020 MSI Projection</b>	<b>2021 MSI Projection</b>	<b>Difference</b>	<b>Operating Funding</b>	<b>Total Funding: 2021 Projection**</b>
2021	\$21.3M	\$29.6M	\$8.4M	\$0.8M	\$30.5M
2022*	\$17.3M	\$11.6M	(\$5.7M)	\$0.8M	\$12.3M
2023*	\$17.3M	\$11.6M	(\$5.7M)	\$0.8M	\$12.3M

\* 2022 and 2023 numbers are estimated

\*\* Totals may not add, due to rounding

Total MSI from 2021 to 2023 will drop approximately \$3 million.

**Disaster Recovery Plan (DRP):**

Effective March 2021, the provincial government will be funding 90% of eligible costs under a DRP, and municipalities will be required to pay the remaining 10%. Further to this, costs paid to homeowners and businesses will be capped at a \$500,000 maximum, and no further payments will be made to an affected property. This coverage will follow the property, so in the event it is sold, a new homeowner would be ineligible for DRP assistance. There may also be significant costs for municipalities due to purchasing additional insurance, costs for mutual aid agreements, infrastructure mitigation activities, and the development of reserves.

The DRP cap on costs and the single application limit do not apply to municipal infrastructure.

**Election Funding:**

Budget 2021 includes \$10 million in 2021- 22 to assist elected authorities or other bodies to conduct a vote under the *Alberta Senate Election Act* and the *Referendum Act*.

**Industrial Funding:**

- \$1 million towards the Designated Industrial Zone project
- \$1.7 million for the Air Data Management System Development
- \$11 million investment to the existing Watershed Resiliency and Restoration Program
- \$13 million for the Digital Regulatory Assurance System over the next three years

**Other Impacts****Policy: N/A****Legislative/Legal: N/A****Interdepartmental:** Intergovernmental Affairs, Corporate Planning**Master Plan/Framework: N/A****Enclosure**

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