

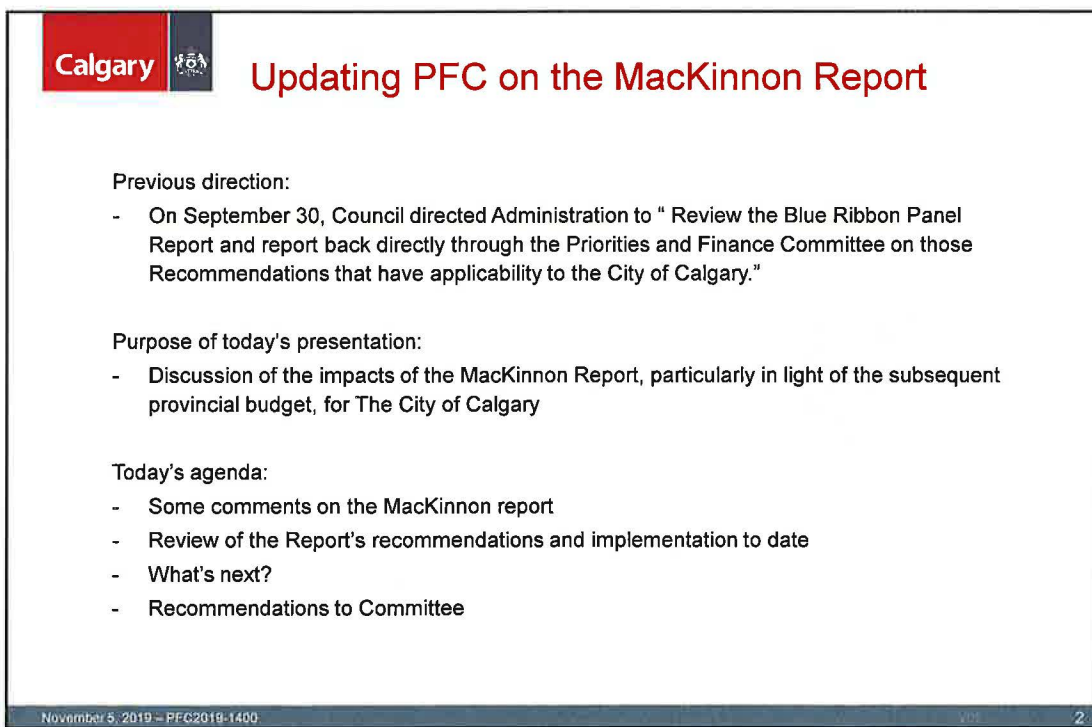



Calgary 

Response to NOM C2019-1278 (Blue Ribbon Panel Report)

Priorities and Finance Committee of Council
November 5, 2019

November 5, 2019 – PFC2019-1400 1



Calgary 

Updating PFC on the MacKinnon Report

Previous direction:

- On September 30, Council directed Administration to " Review the Blue Ribbon Panel Report and report back directly through the Priorities and Finance Committee on those Recommendations that have applicability to the City of Calgary."

Purpose of today's presentation:

- Discussion of the impacts of the MacKinnon Report, particularly in light of the subsequent provincial budget, for The City of Calgary

Today's agenda:

- Some comments on the MacKinnon report
- Review of the Report's recommendations and implementation to date
- What's next?
- Recommendations to Committee

November 5, 2019 – PFC2019-1400 2




The Mackinnon Report: Background and Comment




November 5, 2019 – PFC2019-1400

View 3



Boiling down the MacKinnon Report



Report and Recommendations
Blue Ribbon Panel on Alberta's Finances

August 2019

Mandate

- Provide advice to the government on plans to balance the provincial budget by 2022-23 without raising taxes

Finding

- Alberta has a spending problem (not a revenue problem), particularly when compared with other provinces

Recommendation

- Explore new approaches for service delivery to bring spending in line with other provinces

November 5, 2019 – PFC2019-1400

View 4



Testing some assumptions in the Report



"The City Charter Fiscal Framework...does not align with provincial goals" (p.56)

- The Charter Framework actually represented a voluntary reduction in capital funding by big cities to support mutual goals of fiscal prudence



"Municipalities have tax room and yet rely on increasing provincial grants" (p. 56)

- Grants to the big cities have been decreasing
- Would undermine Alberta advantage
- Interesting suggestion given the mandate to not consider raising taxes



"Capital grants to municipalities are 20% higher than national average" (p. 55)

- Capital grants are not comparable across jurisdictions
- For example, capital grants for transit aren't included in other jurisdictions' totals



"Municipalities' revenue growth exceeds revenue growth for the province (2007-17)" (p. 56)

- Not as suggested in the Report
- Low provincial growth is a result of precipitous drop in oil prices over this time



Nevertheless, this is a good time to review the recommendations

The MacKinnon Report is not binding on the Government of Alberta

But the Government seems inclined to accept its recommendations

Good time to take stock of:

- What have been the impacts on The City so far
- Based on what hasn't yet been acted on, what can we expect over the coming months

45


References to the Report in Budget 2019 Fiscal Plan

7


Mentions in Minister Toews' Budget speech

19


Number of days the Government took to digest the report before sharing it with Albertans



The Mackinnon Report: Real and Potential Implications for The City



November 5, 2019 – PFC2019-1400 7



Some recommendations have little impact on The City (i.e. The Corporation)

No.	Field	Recommendation(s)
1-2	Health	Transformation of system and clear targets for improvement of health care outcomes
7-9	Advanced Education	Consult stakeholder to set direction, achieve a new revenue mix (include lifting tuition freeze) and assess financial viability of institutions
20	Economic competitiveness	Adopt new economic strategy that makes competitiveness a top priority, creates highly-skilled workforce, and sets clear targets
21, 23-26	Budget Balance	Once balanced: limit annual increase in program spending to household income growth; fixed budget dates; buffer for revenue forecasts; legislated plan to pay down debt; external auditor

November 5, 2019 – PFC2019-1400 8



Some may have little direct impact, but are worth watching for indirect effects

No.	Field	Recommendation	Implementation to date	What to watch for
3-4	Health	Make greater use of alternative service delivery; limiting salary costs	Budget commits to negotiate with doctors in 2020	Opportunities for lessons learned; tone of labour relations
5-6	K-12	Decrease % of funding for administration; completely review education funding formula	Budget 2019 indicates that a new K-12 Funding Framework is being developed. 2019-20 will be a "transition year"	No immediate impacts, but may be some lessons in red-tape reduction and will want to watch for impacts on prov. property tax requisition
10-12	Labour	Establish labour relations framework to bring compensation in line with other provinces; end freeze on non-bargaining staff; legislative mandate for public sector salaries	Bill 20 reintroduces replacement workers; gives government greater oversight over collective agreements and use of salary surveys	Could set expectations, tone, or precedent for labour relations in the province more generally



Some will have little direct impact, but are worth watching for indirect effects (cont'd)

No.	Field	Recommendation	Implementation to date	What to watch for
16	Capital	Redefine inventory of assets to include "broader public sector" and increased ability to dispose thereof	TBD	Doesn't seem to contemplate municipal sector but will want to watch
17-18	Procurement	Form Procurement Council and refresh policy on major procurement	Budget: procurement modernization is part of program review	Could require City to follow certain practices to access grants
19	Program Review	Comprehensive review of effectiveness and efficiency of government services	Gov't is developing an framework for program review and Budget 2019 indicates that operating expenditures will be reduced by 2.8% over next 4 years	Could have impact on support for programs delivered by City; Could potentially result in downloading of responsibility
22	Budget Balance	Repeal 1% limit on in-year operating spending; replace with a voted fund for emergencies/ contingencies	Adopted in Bill 21	Depending on size of voted contingency, could delay funds in case of emergency

Calgary

CITY OF CALGARY

And some recommendations will have an immediate and direct impact

No.	Field	Recommendation	Implementation to date	What to watch for
13	Capital	Decrease net provincial public capital stock	Budget 2019 - Reduces capital spending - maintains investments in provincial infrastructure in Calgary (e.g. Cancer Centre; Deerfoot) - Maintains investments in educational infrastructure	- Potential impacts on housing - Development of new infrastructure report; prioritization criteria; 20 year capital plan
14	Capital	Stabilize and rationalize spending on capital maintenance	Budget 2019 commits to a comprehensive review of Capital Maintenance and Renewal program	- Monitor situation and opportunities for input
15	Capital	Examine legislative framework for capital funding to municipalities	Bill 20 scraps City Charter fiscal Framework; Introduces a Local Government Fiscal Framework; Reduces long-term funding and rate of growth to municipalities Budget 2019 reduces MSI by \$236M by 2022; defers \$480M of funding for Green Line	- Exact share of MSI/BMTG - Impacts on interest costs - Opportunities for advocacy

November 5, 2019 – PFC2019-1400
11

Calgary

CITY OF CALGARY

What can we expect going forward?

Calgary

CITY OF CALGARY

November 5, 2019 – PFC2019-1400
12



What's next?

- Government isn't bound by the Report, but given how quickly they've acted on some core recommendations, The City should monitor outstanding recommendations. For instance:
 - Capital planning; education funding; program review
- Beyond the Report, other clues about what's coming down the pike...
 - Other Budget Commitments (e.g. funding for Addiction/Mental Health)
 - 2019 Speech from the Throne (e.g. Municipal Accountability Index)
 - Outstanding Platform Commitments (e.g. Property Rights Protection Act)
 - Budget 2020 consultations (timing, format)
- Intergovernmental & Corporate Strategy continues to monitor the situation and develop advocacy plans and priorities



Recommendations

Administration recommends that the Priorities and Finance Committee refer this presentation to a meeting of the Intergovernmental Affairs Committee of Council for a discussion of impacts and advocacy by the end of Q4, 2019.

