

CORPORATE BUDGET IMPACTS OF PROVINCIAL AND FEDERAL CARBON LEVY

EXECUTIVE SUMMARY

This report has been prepared in response to a request at Priorities and Finance Committee (PFC) on 2016 September 20, related to the costs to The City from the provincial carbon levy. While there are additional climate policies at the provincial and federal level related to climate change (e.g. energy agreements and capital funding opportunities), this report focuses on the Corporate budget impacts of the carbon levy.

ADMINISTRATION RECOMMENDATION(S)

That Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

During the Priorities and Finance Committee (PFC) meeting on 2016 September 20 Administration was requested to bring a report to Council in advance of the AUMA Convention, 2016 October 5 – 7, on the budget impacts of the provincial carbon levy .

BACKGROUND

The Federal and Provincial Governments have both given clear indication of their intentions to set a price on carbon. The Provincial Government's Climate Leadership Plan introduced a carbon levy in 2015 November that will be applied across the economy in 2017. Further details of the levy were provided in 2016 June with the approval of Bill 20 – the Climate Leadership Implementation Act. The Federal Government has announced that a price on carbon will be imposed on those provinces that either do not adopt a carbon pricing system, or fail to meet the federal minimum price of carbon, which is not yet specified.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The provincial carbon levy will impact the Corporation and citizens in numerous ways. While it will cause near-term increases in operational costs, it will also provide targeted capital investment opportunities for Alberta municipalities and industry. As part of the information presented at the 2016 May 30 Strategic Council meeting, Administration estimated the potential additional operational costs related to the carbon levy impact in 2017 as approximately \$6 million. As there are still many unknowns at this time, the impact to The City is still being determined and will be refined as we learn more from the Provincial Government.

Stakeholder Engagement, Research and Communication

This report was prepared through the Climate Change Office in Environmental & Safety Management, with input from Regulatory Affairs, Finance, Energy Management Office, Intergovernmental Affairs, Transportation, Planning and several other Business Units.

The City has advocated with the Province around a number of aspects with regard to the impact of the carbon levy on municipal operations. The Province has confirmed that no exemption will be given to any municipality with regard to the carbon levy. Ongoing consultation and collaboration with the Government of Alberta offer avenues for a strengthened, strategic Administrative advocacy strategy.

CORPORATE BUDGET IMPACTS OF PROVINCIAL AND FEDERAL CARBON LEVY

Strategic Alignment

This report aligns with The City Manager's Leadership Strategic Plan and Action Plan 2015-2018. Specifically it addresses the Council Priorities of a well-run city (W2: Be as efficient and effective as possible, reducing costs and focusing on value-for-money) and a healthy and green city (H2: Encourage a broader range of innovative and clean energy technologies).

Social, Environmental, Economic (External)

While there are anticipated environmental and economic impacts of the carbon levy across the economy, this report focuses on the impact to The Corporation's budget.

Financial Capacity

Current and Future Operating Budget:

No budget impacts as a result of this report. The attachment provides further detail on the anticipated impact of the carbon levy on The City of Calgary's operating budget.

Current and Future Capital Budget:

No budget impacts as a result of this report.

Risk Assessment

Updates on issues that affect The Corporation's budget help to manage risks by ensuring that Council and senior management are aware of emerging issues and challenges in a timely manner, and can respond accordingly.

REASON(S) FOR RECOMMENDATION(S):

This report is presented in response to a request for information during the 2016 September 20 meeting of the Priorities and Finance Committee.

ATTACHMENT

Corporate Budget Impacts of Provincial and Federal Carbon Levy