

BRIEFING

Page 1 of 2

Item # 11.2

Corporate Planning and Financial Services Briefing to

Executive Committee

2022 December 14

ISC: UNRESTRICTED

EC2022-1241

Financial Task Force Implementation Update

PURPOSE OF BRIEFING

The Financial Task Force report and recommendations were delivered to Council on 2020 June 29 (C2020-0742). There were 35 recommendations made by the Financial Task Force and Administration responded to the recommendations with 73 administrative action items. The expansive scope of the recommendations required a cross-corporate implementation program.

Council directed bi-annual reporting on the implementation of the Financial Task Force's recommendations, and this briefing contains updates for Q3/Q4 2022. A high-level overview of progress on each recommendation and administrative action is included on page 2 of Attachment 1.

SUPPORTING INFORMATION

The report of the Financial Task Force can be found at calgary.ca/financialtaskforce, and the full list of recommendations and administrative actions are contained in Attachment 2.

Overall Program Status

A one-page summary featuring the substance of each of the 35 implementation deliverables, the progress made thus far, and what to expect in the next 6 months has been included in Attachment 1. Of the 35 deliverables, 15 were completed as of the last update (2022 June 29), 9 have been completed since that time, 8 are progressing on schedule, and 3 have been delayed.

The 9 implementation deliverables completed since the last report can be found in the table of contents on page 3 of Attachment 1:

1. Assessment Smoothing Investigation
2. Assessment Timeline
3. Countercyclical Fiscal Policy Report
4. Differentiated Taxation
5. Fabrication Workshop
6. Long Range Financial Plan Update
7. Restaurant/Brewery Experience Improvement Program
8. Subclass Investigation
9. Tax Responsibility Study

Successes

The September Executive Committee discussed many topics in response to Financial Task Force recommendations, including opportunities to enact countercyclical fiscal policy in response to economic highs and lows (EC2022-0971), a review of the potential use of non-residential assessment subclasses (EC2022-0780), an investigation of multi-year assessment smoothing (EC2022-0781) and a property tax policy framework (EC2022-0649).

BRIEFING

Council completed deliberations, amendments, and approval, of the 2023-2026 Service Plans and Budgets in November (C2022-1051). The creation of the next four-year plan and budget included process changes in response to Financial Task Force recommendations, such as:

- increased communication about finances, budget and service value, to create a more cohesive narrative about The City's financial cycle heading in to a new four-year budget;
- an adjusted assessment timeline, to bring Council more timely preliminary information on next year's property assessment roll in advance of budget deliberations

Changes to reduce barriers to enrolment in the Tax Instalment Payment Plan (TIPP) program were made in December 2021 (EC2021-1597), in response to Financial Task Force recommendation 25. In November 2022 (C2022-1120), further changes were made to the TIPP bylaw to enable The City to forecast tax increases in order to provide greater stability in TIPP payments by spreading them more evenly over the course of the year. A final enhancement to reduce barriers to joining the TIPP program is expected to be complete in Q2 2023, with the creation of an online application portal.

Challenges

The deliverables reporting delayed timelines include:

- Provincial Engagement Plan. Provincial advocacy is an important part of implementing over one-third of the Task Force's recommendations, and while informal engagement continues on many issues, the province's formal engagement on the Local Government Fiscal Framework was paused while the government underwent leadership changes in the fall.
- Taxation Policy. Continuing from EC2022-0649, further work on property tax policy will be brought to Council in response to recommendations 20 & 34.
- Cost of Service. Administration is in the process of establishing a costing function within the Corporate Budget Office to support internal recoveries, user fees policy and service costing for reporting, but this has not yet produced outputs to advance Task Force recommendations. Consistent enterprise-wide service costing underpins a number of Financial Task Force recommendations (e.g., 28-30).

What's Next?

In the first half of 2023, Administration's analysis and options regarding the revenue recommendations of the Task Force, along with topics relating to downloading, fiscal imbalance and challenges to traditional revenue sources in the new economy are intended to come before Council. This work responds to Financial Task Force recommendations 9, 13, 21 & 22.

The review of Council's *User Fees and Subsidies Policy* is continuing, with an update scheduled for 2023 January. The revised policy will be brought forward for Council approval in 2023 and implemented through the 2024 Mid-Cycle Adjustments. This timing aligns with the establishment of the costing function, which will enable a corporate approach to add consistency and rigour to the processes undertaken individually by business units.

ATTACHMENTS

1. Attachment 1 – Implementation Reports
2. Attachment 2 – Financial Task Force Recommendations and Administrative Actions