

CITY OF CALGARY 2017 FEDERAL BUDGET SUBMISSION

EXECUTIVE SUMMARY

Each summer, the Government of Canada invites Canadians to provide input for consideration in the preparation of its next budget through the House of Commons Standing Committee on Finance's pre-budget consultation process. Written submissions to this year's pre-budget consultation should focus on measures to help Canadians generally, to help Canada's businesses expand and innovate, and to help communities make their desired contribution to the country's economic growth. This report outlines City Administration's recommendations for submission to the federal government for Budget 2017-18 in these three focus areas. These recommendations take into consideration The City's position and advocacy efforts regarding previously announced infrastructure funding and current federal policy priorities that align with and impact The City.

ADMINISTRATION RECOMMENDATION(S)

That the Intergovernmental Affairs Committee:

1. Receive this report for information;
2. Approve the approach to The City of Calgary's submission to the House of Commons Standing Committee on Finance's pre-consultation process and advocacy efforts around the 2017-18 federal budget as outlined in this report.

PREVIOUS COUNCIL DIRECTION / POLICY

Administration presented recommendations to the Intergovernmental Affairs Committee for the Federal Budget 2015-16 submission (IGA2014-0433) on 2014 July 3 and recommendations for the Federal Budget 2016-17 submission (VR2016-0002) on 2016 January 14.

BACKGROUND

Each year, the Government of Canada invites Canadians to provide input for consideration in the preparation of its next budget through the House Finance Committee's pre-budget consultation process. Given last year's federal election, the pre-consultation process was delayed until early-2016. The City's recommendations for budget 2016-17 focused on the need for federal funding for City of Calgary infrastructure projects, operating dollars for affordable housing, better access for Albertans to Employment Insurance, and requests for funding commitments for Calgary's cultural sector and disaster response teams.

Additionally, The City prepared and submitted a proposal for federal investment in shovel-worthy infrastructure projects in our community to the federal Minister of Infrastructure and Communities in 2016 January. This submission outlined City of Calgary projects in three categories: new infrastructure, lifecycle maintenance and enhancement, and affordable housing. It also provided The City's views on the best way to build infrastructure in the short and medium term.

Analysis of the 2016-17 Budget

The Government of Canada released its 2016-17 budget on 2016 March 22. The title of this budget, *Growing the Middle Class*, reflected the newly elected Liberal government's promise to focus on growth rather than austerity. The budget fulfilled an election promise to run relatively small deficits over the next few years in order to invest in the projects and people needed to

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kick-start the sluggish economy. Specifically, the budget represented a strong focus on the role of cities as centres of growth, prosperity, and job creation.

The 2016 federal budget committed a total of \$120 billion in infrastructure funding, including \$60 billion in new funding for public transit, green infrastructure and social infrastructure. This funding will be provided over two phases. Phase 1 consists of approximately \$11.9 billion for "shovel-ready" projects. Phase 2 of the program will provide approximately \$48.1 billion in funding.

Important for The City of Calgary was the emphasis on transparency and funding approval speed. The elimination of some bureaucratic steps, such as the removal of the mandatory P3 screen, was a very positive move in getting 'shovel ready' and 'shovel worthy' projects underway. Overall, budget 2016 was seen as a positive step in strengthening federal-municipal partnerships, which will be critical in addressing national challenges such as a slow economy and climate change.

Developments following the 2016-17 budget

Criteria for Phase 1 infrastructure funding from Budget 2016 have generally been established by the federal government and will be managed through bilateral agreements with provinces over the next few months. The bilateral agreement with Alberta has not yet been signed. Phase 2 of the federal infrastructure funding accounting for approximately \$48.1 billion has yet to define the infrastructure investment criteria or guidelines. At the 2016 Federation of Canadian Municipalities Conference in Winnipeg, Manitoba, Minister Sohi stated that the Government of Canada would be looking to Canada's municipalities to help establish funding criteria which can then be used to support priorities and outcomes at both the municipal and federal levels.

In response to this request, Infrastructure Calgary convened a cross-corporate working group to develop a City of Calgary position with respect to preferred infrastructure funding methods and criteria, which was presented to the Priorities and Finance Committee and approved on 2016 June 28. This position advocates for a block funding approach as opposed to a program requiring approval of each individual project proposal. Administration recommended that The City support funding criteria with a preference for projects that can achieve outcomes in all three federal priority (public transit, social and green infrastructure) areas rather than isolate criteria for each bucket. Administration will communicate this recommendation to the federal government in 2016 July.

Requirements and application processes for other federal funding grants announced in Budget 2016 continue to be developed and announced. City Administration is reviewing and working together to apply for this funding as appropriate.

The House of Commons Standing Committee on Finance launched its pre-budget consultation in June and is accepting submissions until 2016 August 5. The focus of written submissions to the Committee should be the following:

1. What federal measures would help **Canadians** generally – and such specific groups as the unemployed, Indigenous peoples, those with a disability and seniors – maximize, in the manner of their choosing, their contributions to the country's economic growth?

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2. What federal actions would assist **Canada's businesses** – in all regions and sectors – meet their expansion, innovation and prosperity goals, and thereby contribute to economic growth in the country?
3. What federal measures would ensure that urban, rural and remote **communities throughout Canada** enable residents to make their desired contribution to the country's economic growth and businesses to expand, prosper and serve domestic and international customers in order to contribute to growth?

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration is proposing a phased approach to advocacy and input into the Government of Canada's 2017-18 budget. First, given that a significant portion of the infrastructure funding announced in Budget 2016 has yet to be allocated and many of the specific programs have not yet been designed, Administration is proposing that The City's submission to the House of Commons Standing Committee on Finance's pre-budget consultation focus on the need for clarity on how and when municipalities will receive this funding. The submission will also speak to The City's preferred method and criteria for receiving this funding. The pre-budget consultation is an opportunity to not only advocate for federal funding but also to draw attention to federal priorities and activities that impact The City and our citizens. As such, the need for clarity on the federal government's expectations of The City and other municipalities in federal policy priorities, such as climate change, affordable housing and marijuana legalization, will also be mentioned.

Administration believes that framing the submission around the need to get previously promised infrastructure funding to municipalities as quickly as possible in order to create local jobs, support the local economy and meet the needs of our citizens satisfies all three focus areas put forward by the House Committee on Finance: helping Canadians generally, assisting businesses and helping communities throughout Canada.

In the second phase of advocacy for the 2017-18 federal budget, Administration will provide further input to the Government of Canada based on the progress and results of the consultations around infrastructure funding, the national housing strategy, the legalization of marijuana and climate change. The City will be able to provide more meaningful and specific input into the federal government's next budget with this additional clarity on previously announced budget and policy items.

Stakeholder Engagement, Research and Communication

Intergovernmental & Corporate Strategy reached out to subject matter experts from across The Corporation for input into the submission. A representative cross section of The Corporation responded and informed the content of this report. Current City of Calgary policy and advocacy work with alignment to federal government activities and priorities also informed the recommendations in this report.

Strategic Alignment

The proposed submission to the 2017-18 federal budget is in alignment with The City of Calgary's strategic directions and priorities.

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Social, Environmental, Economic (External)

Federal funding can assist The City in improving social, environmental and economic objectives.

Financial Capacity

Current and Future Operating Budget:

Additional federal funding could have a positive impact on current or future operating budgets. Any costs associated with this report have been met within existing operating budgets.

Current and Future Capital Budget:

Increased and targeted federal funding of infrastructure could have a significant, positive impact on future capital budgets.

Risk Assessment

By not submitting recommendations to the House of Commons Standing Committee on Finance, The City risks missing an opportunity to advocate to the federal government for available funding opportunities.

REASON(S) FOR RECOMMENDATION(S):

The City of Calgary has an opportunity to share its thoughts with the Government of Canada and help shape the next federal budget. The recommendations in this report will enable Administration to prepare The City of Calgary's submission to the House of Commons Standing Committee on Finance's pre-consultation process and inform any additional advocacy efforts required around the 2017-18 federal budget.

ATTACHMENT(S)

None