

PROPOSED RECOMMENDATIONS FOR THE CITY OF CALGARY'S SUBMISSION FOR THE GOVERNMENT OF CANADA'S 2014-15 BUDGET

EXECUTIVE SUMMARY

Each year, The City of Calgary provides recommendations to the Government of Canada for consideration in the preparation of its budget. The Government of Canada has implemented a new pre-budget consultation process that requires recommendations to be submitted in the summer of the year before the budget is released. This report summarizes The City's recommendations for Budget 2014-15, which were submitted prior to the 2013 August 5 deadline.

The report also provides an overview of recommendations from the 2013-14 budget submission approved by Council in 2012; the analysis of 2013-14 Federal Budget; and developments following the release of the budget. Administration will prepare and circulate an initial analysis of the 2014-15 budget when it released, anticipated to be in the first quarter of 2014.

To respond to the change in pre-budget consultation timelines, this report recommends that Administration report back with proposed recommendations for the 2015-16 pre-budget consultations by July 2014.

ADMINISTRATION RECOMMENDATION(S)

That the Intergovernmental Affairs Committee recommends that Council accept this report for information and direct Administration to report back by July 2014 with suggested recommendations for The City of Calgary's submission to the Government of Canada's 2015-16 pre-budget consultation.

PREVIOUS COUNCIL DIRECTION / POLICY

At its meeting on 2012 October 15, Council approved Administration's proposed recommendations for The City of Calgary's submission to the Government of Canada for its 2013-14 budget (IGA2012-0610). These recommendations, as well as other policy positions approved by Council, also formed the basis of the submission to the federal pre-budget consultations in summer 2013.

BACKGROUND

Recommendations from 2013-14 Budget submission

In 2012 October, The City put forward its 2013-14 federal budget submission with two areas of focus: a recommendation for long-term, dedicated infrastructure funding and the development of a national transit framework. The City of Calgary recommended that infrastructure funding be aimed at enhancing the sustainability of municipalities and supporting their long-range land use and community development plans. The City outlined the following four sustainable infrastructure priorities: investments in public transit; investments in water and wastewater systems; investments in affordable housing; and, investments in the life cycle of infrastructure. Further, The City recommended flexible funding within a minimum five-year program, generally following the funding model of the federal Gas Tax Fund.

The second recommendation was that the federal government, in consultation with other orders of government, develop a national transit framework. This framework would set transit

PROPOSED RECOMMENDATIONS FOR THE CITY OF CALGARY'S SUBMISSION FOR THE GOVERNMENT OF CANADA'S 2014-15 BUDGET

objectives, establish predictable and adequate transit capital funding, support efficiency improvements and reward local sustainability efforts. A national transit framework would be the most effective approach to supporting The City's long term public transit strategy, RouteAhead.

Analysis of the 2013-14 Federal Budget

The Government of Canada released its 2013-14 budget on 2013 March 21. Administration's analysis found that this was a 'stay the course budget' that focused on deficit cutting and balancing the budget by 2015-2016. However, of particular interest to cities and reflecting The City's recommendations, the government introduced a new long-term infrastructure plan.

The new infrastructure plan commits to providing support of over \$53B, including over \$47B in new funding over 10 years, starting in 2014-15, for provincial, territorial and municipal infrastructure projects. This funding will be delivered through three key initiatives:

- The Community Improvement Fund, which consists of an indexed Gas Tax Fund and the incremental GST Rebate for municipalities. Eligible projects have been expanded to include brownfield redevelopment, culture, tourism, sport and recreation.
- The New Building Canada Fund (New BCF), which supports projects that have national, regional and local significance, such as public transit.
- A renewed P3 Canada Fund to help fund the cost of developing P3 business plans.

Further, in alignment with The City's submission, all jurisdictions are encouraged to undertake asset management plans.

The budget was largely silent on the environment and did not speak to The City's positions on climate change, waste diversion, and landfill management initiatives. The budget was also silent in relation to poverty reduction. The federal government did, however, renew two key affordable housing and homelessness programs for five years: the Investment in Affordable Housing program and the Homelessness Partnering Strategy.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Developments following the 2013-14 Federal Budget

The 2013-14 budget indicated that the Minister of Transport, Infrastructure and Communities would work on outstanding infrastructure program parameters of the New BCF with the Federation of Canadian Municipalities (FCM) and other stakeholders. As of the writing of this report, no further program details had been released by the federal government. One key aspect of the distribution of the New BCF is the percentage of the fund that will be allocated to municipally-owned infrastructure, which is yet to be determined. Administration is aware that the federal government is currently in discussions with the provinces and is working towards a March 31, 2014 deadline for release of the program.

On 2013 October 16, the federal Speech from the Throne emphasized that creating jobs, securing economic growth and keeping families and communities safe remain the government's

PROPOSED RECOMMENDATIONS FOR THE CITY OF CALGARY'S SUBMISSION FOR THE GOVERNMENT OF CANADA'S 2014-15 BUDGET

top priorities, and the government reiterated its intent to balance the budget by 2015. Beyond previous announcements related to the launch of the infrastructure funding, the Speech did not show advancement on issues of specific concern to The City of Calgary such as a national transit framework and poverty reduction.

The government committed to work with communities, non-profit organizations, and businesses to create and protect more green space in urban and suburban areas and to take actions to improve air quality nationwide.

In terms of railway safety, having already amended the *Railway Safety Act*, the government will also require shippers and railways to carry additional insurance for the costs of clean up and rebuilding when incidents occur. In addition, the government committed to acting on advice from the Expert Panel on Tanker Safety. There was no mention of municipal participation in discussions related to rail and transportation safety.

Of particular interest to The City of Calgary is the National Disaster Mitigation Program, focused on reducing the impact of natural disasters. Details were not provided regarding how this program will be implemented, or whether it will provide additional funding or use a portion of previously announced infrastructure funding. The government indicated that it will work with provinces and territories to develop the program.

The City of Calgary is exploring both provincial and federal funding sources for flood response, recovery and mitigation.

The City's Submission to the 2013-14 Federal Budget

For the past two years, the federal government has conducted a consultation process that requires budget recommendations to be submitted electronically in early August to the House of Commons Standing Committee on Finance. In order to participate in the 2013 consultation, The City submitted the following three recommendations that are aligned with previous Council direction.

1. National Transit Framework

The City of Calgary recommended that the Government of Canada implement a fully-funded National Transit Framework, which would provide an annual investment of \$2 billion to cities and communities to build and encourage greater public transit usage in Canada, and mitigate the impact of municipalities' transportation networks on climate change. The City of Calgary is anticipating that public transit will be one of the eligible categories of public infrastructure that may be funded through the New BCF. An annual investment dedicated specifically to public transit would complement the existing infrastructure investment programs and provide predictable funding over the long term. Beyond dedicated and predictable funding, a national transit framework would establish national transit objectives, support efficiency improvements and reward local sustainability efforts.

PROPOSED RECOMMENDATIONS FOR THE CITY OF CALGARY'S SUBMISSION FOR THE GOVERNMENT OF CANADA'S 2014-15 BUDGET

The Government of Canada has recognized that efficient urban transportation addresses both short-term economic challenges and the environmental and economic realities of the future. Reliable transit services can maintain and even expand a city's economic base by allowing for the efficient movement of people. Urban transit also has social, environmental and health benefits by reducing traffic congestion and greenhouse gas emissions.

2. Poverty reduction

The City of Calgary recommended the development of a federal anti-poverty act that ensures enduring federal commitment and accountability for results, with sufficient federal investment in social security for all Canadians; and that the federal government actively consult with municipalities in the development of any forthcoming anti-poverty act. Poverty is a complex issue that requires involvement from all orders of government. Poverty has a substantial impact in big cities, including costs for social assistance, affordable housing, policing, fee subsidies and other supports.

The City of Calgary is focussing its efforts on poverty reduction through the Calgary Poverty Reduction Initiative, a joint project launched in January 2012 between the municipality and the United Way of Calgary. The Final Report of the Calgary Poverty Reduction Initiative was approved by Council 10 June 2013, and is now in the implementation stage. The City is also working with the Government of Alberta to align and support their anti-poverty initiative. A federal anti-poverty act and associated federal commitments in this area would provide critical support to strengthen local efforts.

3. Affordable Housing

The City of Calgary recommended that the Government of Canada demonstrate its commitment to affordable housing for all Canadians through providing increased and sustained affordable housing infrastructure funding to support necessary growth and replacement of aging assets. As well, The City recommended that the *Income Tax Act* be amended to eliminate the capital gains tax on donations of real property to registered public charities for the purpose of providing perpetually affordable housing.

Low to moderate income households are the intended beneficiaries of increased affordable housing options. Calgary and Alberta's strong economy is attracting a labour force that is essential for the economy to remain competitive. The range of choices required to house this booming population is not available. It is essential that long-term federal funding remain in place to support municipalities in identifying and responding effectively to the housing and homelessness needs of each community.

Stakeholder Engagement, Research and Communication

Recommendations related to transit, poverty reduction and affordable housing are informed by the RouteAhead: A Strategic Plan for Transit in Calgary; the Final Report of the Calgary Poverty Reduction Initiative; and, the 2013 Intergovernmental Policy Issues and Position Statements.

Strategic Alignment

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The 2014-15 budget submission provided an opportunity for The City to communicate directly its concerns and recommendations to the Government of Canada related to transit, poverty reduction and affordable housing.

Social, Environmental, Economic (External)

Federal funding to support infrastructure and public transit will have positive impacts on Calgary's ability to continue to be economically competitive and a city of choice in which to live, work and play.

Financial Capacity

Current and Future Operating Budget:

There was no impact on the current operating budget to prepare the Budget 2014-15 submission.

Current and Future Capital Budget:

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

Risk Assessment

The risks of not providing recommendations to the Government of Canada for its budget is that an opportunity to advocate for the interests of Calgarians would be missed, and the federal government may be unaware of the legislation, regulations, policies and investments that are of importance to The City.

REASON(S) FOR RECOMMENDATION(S):

For the past two years, the Government of Canada has initiated pre-budget consultations significantly earlier in its fiscal cycle. The recommendation in this report will enable Administration to prepare The City of Calgary's budget recommendations for Council approval prior to the deadline for Budget 2015-16, anticipated to be in early August, 2014.

ATTACHMENT(S)

None.