



BULLETIN

GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Alberta Chapter

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Federal Government 2018 Budget Announcement

The Federal Government announced highlights of Budget 2018 on February 27, 2018.

The main themes of Federal Budget 2018 are:

- “Growth”, which focuses on support for the middle class, equality in the workplace, skills for tomorrow’s economy, strengthening and diversifying trade and a fair tax system;
- “Progress”, focusing on investing in Canadian scientists and researchers, stronger and more collaborative federal science and an innovation and skills plan;
- “Reconciliation”, which involves achieving better results for indigenous peoples and supporting their rights and self-determination;
- “Advancement”, focusing on environmental protection, gender equality around the world, supporting the health and wealth of Canadians including addressing the opioid crisis, preparing for the legalization of cannabis and advancing security and the access to justice; and
- “Equality”, which involves budget 2018’s gender results framework integrating considerations of gender impacts at each step of the budgeting process.

The Government’s fiscal position includes a projected deficit in 2017-2018 of \$19.4 billion, and projected deficits in the coming years as follows: 2018-2019 of \$18.1 billion, 2019- 2020 of \$17.5 billion, 2020-2021 of \$16.9 billion, 2021-2022 of \$13.8 billion and 2022-2023 of \$12.3 billion.

The majority of the initiatives in the 2018 Federal budget relate to the health, wellness and equality of Canadians and have only an indirect impact on Alberta municipalities, however here are a few highlights that may affect municipalities as employers as well as communities:

- The Government proposes to provide an additional \$448.5 million over five years to the Youth Employment Strategy which will support the doubling of placements under the Canada Summer Jobs program in 2019-20.
- Both the Employment Insurance Act and the Canada Labour Code will be amended to enhance job protection and improve the design of parental benefits.
- \$40 billion over ten years to create 100,000 new housing units and repair 300,000 units as part of the National Housing Strategy.
- \$100 million over five years has been budgeted to explore new technological solutions for offering internet access and wireless service to remote areas in Canada.
- The Federal Government is developing a federal carbon pollution pricing system, which will be used as a standard for every province or territory in Canada by the end of 2018. Provinces that have developed and implemented their own pricing system will need to ensure that it meets the minimum standard included in the Canadian Government's pricing system.
- Several measures were announced to support the treatment, public education and public health access to help address the opioid crisis throughout Canada. This includes providing one-time emergency funding of \$150 million for provinces and territories for multi-year projects that improve access to treatment services.
- The taxation imposed on cannabis by the Federal Government will be shared with provinces and territories with 75% going to the province or territory and 25% as the federal portion. It is an expectation of the Federal Government that a substantial amount of the shared taxation will be passed down to municipalities and local communities.
- The Federal Government has committed \$62.5 million over five years for public education initiatives regarding the risks associated with cannabis use. As well, \$20 million over five years will be spent to support research on cannabis use in Canada.
- \$80 million is budgeted in 2018-19 to support existing RCMP policing operations including the recruitment and training of new RCMP cadets.
- Transfers to Municipalities on Revocation of Registration - When a charities charitable status is revoked a 100% revocation tax is applied. This tax is equal to 100% of the total net value of its applicable assets. The charity can reduce the amount of revocation tax by making qualifying expenditures, including gifts to "eligible donors". The 2018 budget proposes to amend the Income Tax Act to allow transfers of property to municipalities to be considered qualifying expenditures for the purpose of the revocation tax. The transfer of assets to the

municipality is subject to approval of the Minister of National Revenue and will be assessed on a case-by-case basis.

- Infrastructure commitments that affect municipalities were maintained in the 2018 Federal Budget. Originally this funding was announced in the 2016 Federal budget as a part of Canada's New Infrastructure Plan followed by additional details which were unveiled in the 2017 Federal budget.

To view the complete 2018 Federal Budget visit

<https://www.budget.gc.ca/2018/docs/plan/budget-2018-en.pdf>

To view AUMA's analysis of the 2018 Federal Budget visit

<https://auma.ca/news/budget-2018-federal-government-confirms-cannabis-revenue-sharing>

Prepared by the Emerging Issues Task Force

Alberta GFOA's Special Release Bulletins

Alberta GFOA, through the Communications Task Force, augments its Quarterly Newsletter Publications with Special Release Bulletins that will be distributed from time to time to all Members. These Bulletins are intended to provide information pertinent to various aspects of municipal finance. They will also be utilized to profile upcoming professional development and training opportunities. The Bulletins are intended to outline information on a specific topic in a brief and concise manner. In some cases, contact references will be provided in order that readers can obtain more detailed information from specific sources. Current and archived Special Release Bulletins can be viewed on the Alberta GFOA Website at www.gfoa.ab.ca.