

BUDGET 2020

GOVERNMENT OF ALBERTA | 2020-23

Ministry Business Plan

Treasury Board and Finance

Treasury Board and Finance

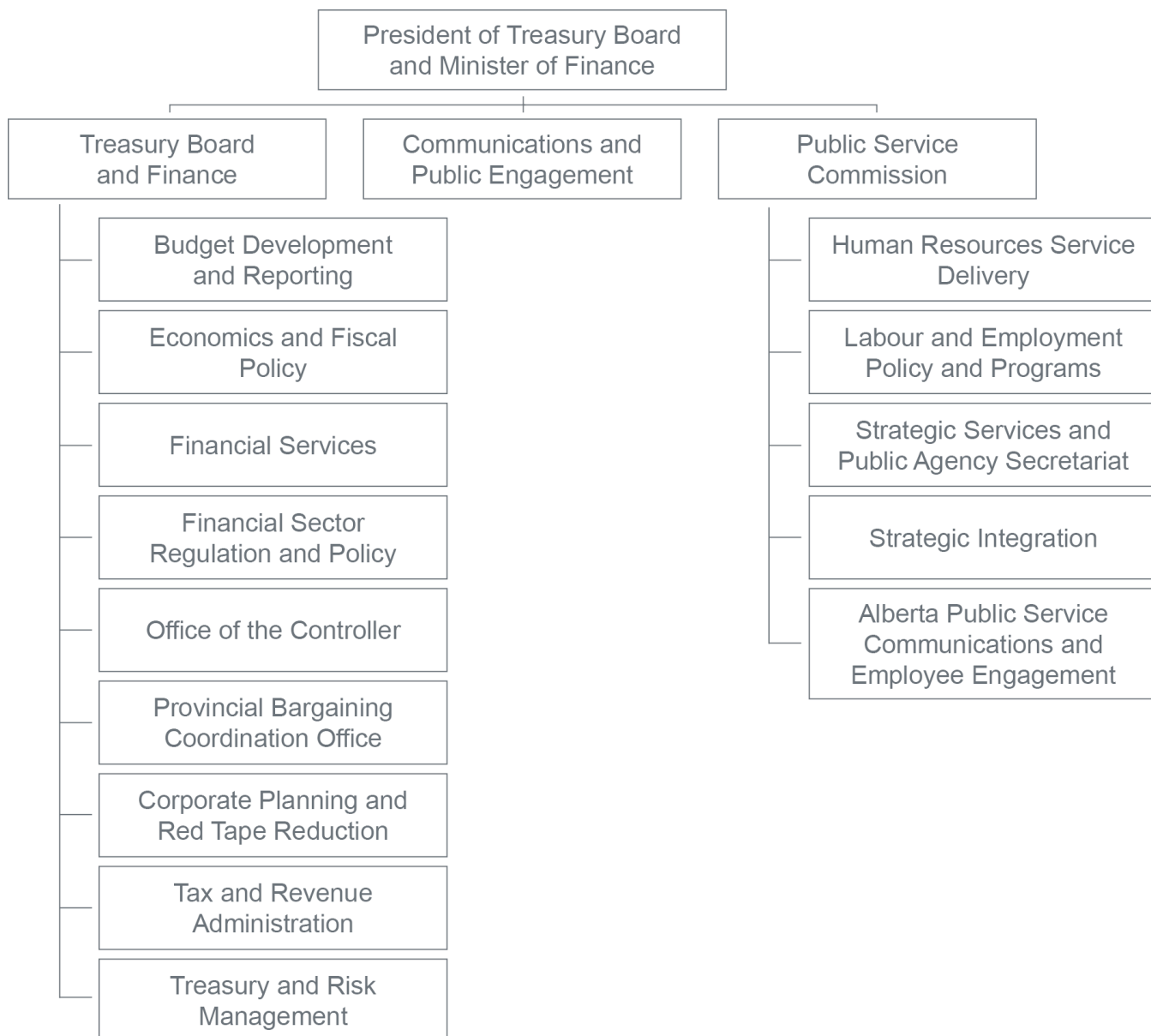
Business Plan 2020–23

Ministry Mandate and Structure

The Ministry of Treasury Board and Finance (TBF) is responsible for budget planning, financial management and economic analysis, as well as the administration of tax and revenue programs. TBF provides policy and regulatory oversight for Alberta’s liquor, gaming, cannabis, financial, securities, insurance and pensions sectors. Through the Public Service Commission (PSC), TBF ensures Alberta has a professional and non-partisan public service that serves Albertans. The ministry is also responsible for providing government communications, public relations and marketing services through Communications and Public Engagement (CPE).

TBF is committed to maintaining fiscal discipline and controlling spending to meet the government’s commitment to balance the provincial budget, and working closely with ministries to deliver on the commitments the government has made to Albertans, including:

- Formalizing a spending review process to eliminate waste, duplication and non-essential spending;
- Taking Alberta from being the most over-regulated to the freest economy in Canada by reducing red tape and making it the law;
- Negotiating a fair deal for Alberta within Canada;
- Continual improvement of transparency and accountability in the financial planning and reporting processes;
- Reforming Alberta’s automobile insurance system incorporating the recommendations outlined in the report from the expert advisory committee expected in Spring 2020;
- Taking necessary steps to balance the province’s budget by 2022-23;
- Continued implementation of corporate tax rate reductions that have made Alberta the most tax-competitive jurisdiction for businesses in Canada and will make Alberta among the most attractive investment destinations in North America; and
- Meeting the government’s commitments to implement a tax on vaping products in order to limit youth usage, and to extend the tourism levy to short-term rental operators in order to apply the levy more fairly across temporary accommodations.



A more detailed description of Treasury Board and Finance and its programs and initiatives can be found at: www.alberta.ca/treasury-board-and-finance.aspx.

The Ministry of Treasury Board and Finance is committed to the ongoing review of programs and services to ensure that the best possible outcomes are being achieved for Albertans. As part of this ongoing review, the ministry is committed to reducing red tape to make life easier for hard-working Albertans and businesses. This includes reducing regulatory burden and unnecessary processes to encourage economic growth and job creation and make Alberta one of the freest and fastest moving economies in the world. The ministry is committed to working towards achieving the one-third reduction in the number of regulatory requirements in its statutes, regulations, policies and forms by 2023. Red tape reduction initiatives have been incorporated into Government of Alberta planning with oversight by a combined division of corporate planning and red tape reduction.

Ministry Outcomes

- A strong and resilient financial foundation that supports sustainable government services and demonstrates excellence in accountability and transparency
- Policy and regulatory oversight for the liquor, gaming, cannabis, financial, securities, insurance and pensions sectors that is effective, fair and in the interests of Albertans
- An efficient and effective public service working for Albertans
- Effective, efficient communication of government priorities and initiatives

Outcome 1

What We Want To Achieve

A strong and resilient financial foundation that supports sustainable government services and demonstrates excellence in accountability and transparency

The ministry acts as government's chief economic and fiscal advisor, leveraging its expertise to provide critical information, analysis and advice to support economic development, and to provide leadership in developing fiscal policies, managing financial systems and administering tax and revenue.

Key Objectives

- 1.1 Monitor the fairness, competitiveness, economic efficiency, and revenue stability of Alberta's tax system, and provide tax policy advice and administrative support to the government.
- 1.2 Lead government's budgeting and financial planning, including the annual spending review to find savings and ensure that initiatives are aligned with government priorities.
- 1.3 Implement a rigorous capital spending framework to ensure predictable and sustainable funding, promote greater transparency, and mitigate risks.
- 1.4 Lead and implement changes to address the regulatory requirements that cause red-tape burden, in order to better enable economic growth, innovation and competitiveness and facilitate a strong investment climate in Alberta while maintaining consumer, environmental, health and safety protections and fiscal accountability.
- 1.5 Modernize policies, processes and structures to improve the efficiency and functionality of our government's finance and accounting systems.
- 1.6 Negotiate improvements to federal-provincial fiscal arrangements, as part of securing a fair deal for Alberta within Canada.

Initiatives Supporting Key Objectives

- Removing needless red tape such as duplicate processes and rules that do not add protections will save time, money and resources, while still protecting the environment, upholding fiscal accountability and ensuring the health and safety of Albertans. In 2020-21, \$3.5 million is allocated to Corporate Planning and Red Tape Reduction. This funding has been resourced from within the ministry's budget targets.
- In 2020-21, \$12 million is allocated to Fiscal Planning and Economic Analysis with Economics and Fiscal Policy (EFP) and Budget Development and Reporting (BDR). EFP provides analysis and advice on fiscal and economic issues including tax policy, the federal-provincial fiscal arrangements, demographic analysis, economic forecasting, resource and tax revenue forecasting and fiscal analysis of policy and program initiatives. BDR provides timely, relevant and accurate budget analysis and advice to decision-makers and is accountable for the government's budgeting process. These serve as the basis for sustainable program funding.
- Provide analysis and advice to support Alberta's priorities on major federal fiscal transfers, including Fiscal Stabilization, the Canada Health Transfer and Canada Social Transfer, and Equalization.

- In 2020-21, \$3.3 million is allocated to Tax and Revenue Administration’s Filing, Compliance, and Collections (FCC) unit. FCC works to ensure that tax debts are resolved in a timely manner.

Performance Metrics

1.a Performance Measure: Balance the province’s budget by 2022-23

1.b Performance Measure: Ratio of amounts added to net tax revenue to costs of administration (as a measure of efficiency) *(Beginning in 2018-19, the modified ratio no longer includes principal recoveries made on behalf of the Canada Revenue Agency.)*

The 2018-19 ratio was 15.1:1 which exceeded the target of 9:1. *(The target was set based on the data of existing ORACLE and IMAGIS system reports. The value-add number can fluctuate from year to year, but over the long run it is expected to be around the target level.)*

TARGETS

2020-21:	9:1
2021-22:	9:1
2022-23:	9:1

1.c Performance Measure: The Alberta Heritage Savings Trust Fund will earn a five-year annualized rate of return of CPI plus 4.5 per cent.

This measure determines whether the long-term investment policy is achieving significant returns for Albertans. The five-year annualized investment return in 2018-19 was 8.8 per cent which exceeded the target of 6.0 per cent. *(The targets were set based on long term capital market assumptions. The 2018-19 performance was higher than expected, but it is anticipated that investment returns will normalize over the long term.)*

TARGETS

2020-21:	CPI+4.5%
2021-22:	CPI+4.5%
2022-23:	CPI+4.5%

1.d Performance Measure: Value of pursuable Corporate Income Tax debt (tax debt not under dispute) as a percentage of total Corporate Income Tax revenue

In 2018-19, this ratio was 6 per cent which met the target.

TARGETS

2020-21:	≤ 7%
2021-22:	≤ 7%
2022-23:	≤ 7%

1.e Performance Indicator: CFIB Red Tape rating (2020 Red Tape Report Card published by The Canadian Federation of Independent Business (CFIB) <https://www.cfib-fcei.ca/sites/default/files/2020-01/Red-Tape-Report-Card-2020.pdf>).

This indicator grades provincial governments on their progress tackling excessive regulation. Alberta received B- in 2019-20, improved from F in 2018-19.

	2015-16	2016-17	2017-18	2017-19	2019-20
Alberta grade	N/A	F	F	F	B -

1.f Performance Measure: Corporate Income Tax

Effective January 1, 2020, the general income tax rate on businesses in Alberta is 10 per cent.

TARGETS

The general income tax rate on businesses will be reduced from 12.0% to 8.0% over 4 years from 2019

1.g Performance Indicator: C.D. Howe Institute Fiscal Accountability rating (*Show and Tell: Rating the Fiscal Accountability of Canada’s Senior Governments, 2019, published by the C.D. Howe Institute* https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary%20545.pdf)

The Government of Alberta was rated A in 2018-19.

	2014-15	2015-16	2016-17	2017-18	2018-19
Alberta rating	A+	A+	A+	A	A

1.h Performance Measure: One-third red tape reduction of regulatory requirements used in Government of Alberta statutes, regulations, policies, guidelines, and forms, with the exception of regulations that deal with safety and soundness of the financial institutions and markets. (This is a new performance measure. 2018-19 data is not available).

TARGETS

2020-21: 12%
 2021-22: 20%
 2022-23: 33%

Outcome 2

What We Want To Achieve

Policy and regulatory oversight for the liquor, gaming, cannabis, financial, securities, insurance and pensions sectors that is effective, fair and in the interests of Albertans

The ministry influences the livelihood of Albertans and Alberta-based businesses by setting effective policies and regulations and providing oversight to protect public interest.

Key Objectives

- 2.1 Lead and implement changes to keep legislation, regulation and policy current, based on best practices and consistency with the red tape reduction initiative, including principles of regulatory efficiency.
- 2.2 Continue to work cooperatively with other jurisdictions to improve securities regulation in Canada and ensure a provincially-led regulatory system that meets the needs of Alberta market participants and investors.
- 2.3 Support Alberta businesses by encouraging investments and improving access to capital for small and medium sized enterprises.

Initiatives Supporting Key Objectives

- In 2020-21, \$7.1 million is allocated to policy support and analysis for cannabis, liquor, gaming, insurance and private and public sector pension plans, as well as the regulation and supervision of loan and trust corporations, financial institutions, insurance companies and registered private sector pension plans. Financial Sector Regulation and Policy is the government contact for, and provides regulatory oversight to the following entities: the Automobile Insurance Rate Board, Alberta Insurance Council, Alberta Pensions Services Corporation, Alberta Liquor, Gaming and Cannabis Commission (AGLC) and Horse Racing Alberta. In addition, Treasury and Risk Management provides policy support and analysis for ATB Financial, other Alberta-based financial institutions and capital markets.
- In 2020-21, \$45 million is budgeted for the Alberta Securities Commission (ASC) which is the regulatory agency responsible for administering Alberta's securities laws. It is entrusted with fostering a fair and efficient capital market in Alberta and with protecting investors. As a member of the Canadian Securities Administrators, the ASC works to improve, coordinate and harmonize the regulation of Canada's capital markets.

Performance Metrics

- 2.a Performance Measure: Employment pensions funded ratio** (*Funded ratio indicates the degree to which assets cover liabilities. Plans must be at least 100 per cent funded on an ongoing basis. As of March 1, 2019, the Local Authorities Pension Plan, the Public Service Pension Plan and the Special Forces Pension Plan will no longer be included in this performance measure.*)

In 2018-19, the ratio was 108.18 per cent which exceeded the target of 100%.

TARGETS

2020-21:	100%
2021-22:	100%
2022-23:	100%

- 2.b Performance Measure: Alberta incorporated insurance companies rated as stable by the Superintendent of Insurance**

The 2018-19 ratio was 91 per cent, lower than the target of 100 per cent.

TARGETS

2020-21:	100%
2021-22:	100%
2022-23:	100%

Outcome 3

What We Want To Achieve

An efficient and effective public service working for Albertans

The Public Service Commission provides timely and effective Human Resources (HR) services and programs, to enable the Alberta Public Service (APS) and agencies, boards and commissions (ABCs) to deliver high quality services to Albertans at a cost comparable to similar jurisdictions. The Provincial Bargaining Coordination Office (PBCO) supports government's interests, as employer and funder, with respect to public sector labour relations. The PBCO prepares mandates, supports cross-sectoral coordination in bargaining and strengthens government's overall strategic capacity with respect to negotiations, arbitrations, compensation research and analysis, and other strategic labour relations matters.

Key Objectives

- 3.1 Deliver client focused and timely HR services to support the APS to achieve government priorities.
- 3.2 Enhance the integration, efficiency and functionality of government's HR systems to reduce administrative burden.
- 3.3 Foster a respectful work environment and inclusive hiring practices.
- 3.4 Provide assistance, resources and advice to government departments and ABCs to support best practices in board governance, effectiveness and accountability.
- 3.5 Lead coordinated approach to board member recruitment to support efficient, evidence-based and effective appointment of qualified candidates to ABCs.
- 3.6 Continue to provide strategic negotiations and arbitration services, mandate development for bargaining, economic analysis, compensation research and data analytics.

Initiatives Supporting Key Objectives

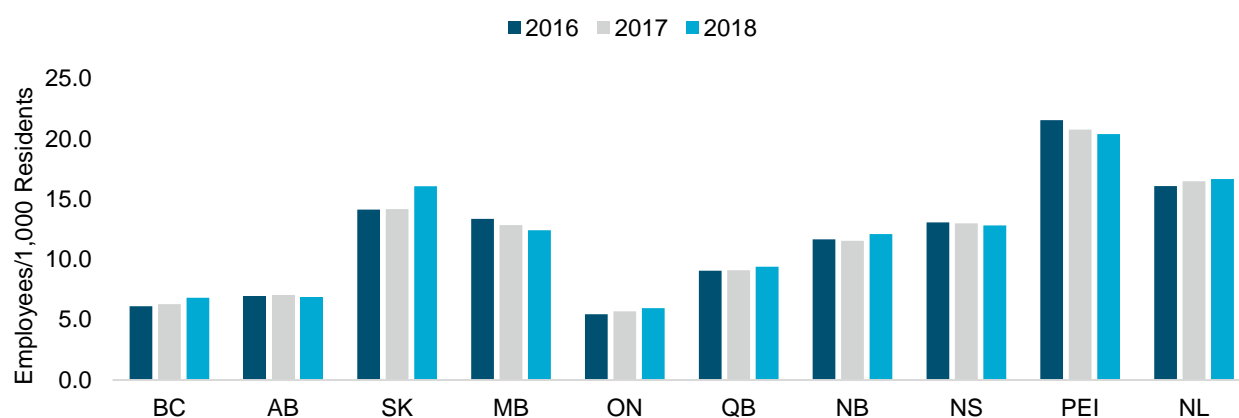
- In 2020-21, \$13.3 million is allocated to deliver direct strategic advisory and operational support services to departments to enable achievement of business objectives and priorities.
- In 2020-21, \$3.6 million is budgeted to support departments and ABCs to ensure learning supports under the Professional Development Framework are accessible.
- In 2020-21, \$3.9 million is allocated to conduct planning, using analytics and data to support evidence-based decisions on the current and future APS workforce.
- In 2020-21, \$1.5 million is budgeted for PSC to represent the employer in collective bargaining and essential services negotiations between the Alberta Union of Provincial Employees (AUPE) and the Government of Alberta.
- In 2020-21, \$1.6 million is allocated to support the transition of HR functions into the Government of Alberta's new Enterprise Resource Planning platform.
- In 2020-21, \$1.8 million is budgeted to support departments and ABCs to ensure accountability, transparency and good governance.

Performance Metrics

3.a Performance Indicator: Inter-jurisdictional comparison of provincial public administration employees per 1,000 residents

(Provincial public administration comprises establishments of provincial or territorial governments primarily engaged in activities of a governmental nature, such as legislative activities, judicial activities, taxation, public order and safety, and the administration of provincial or territorial government programs. Provincial public administration employment includes employees that are actively being paid in the reporting periods (employees paid by the hour, salaried employees and other employees). Statistics Canada. Table: 17-10-0009-01 (formerly CANSIM 051-0005) Population Estimates, Quarterly. Statistics Canada. Table: 14-10-0202-01 Employment by Industry, Annual, based on the Survey of Employment, Payrolls and Hours. This indicator helps assess the cost effectiveness of public services.)

Inter-jurisdictional comparison of provincial public administration employees per 1,000 residents

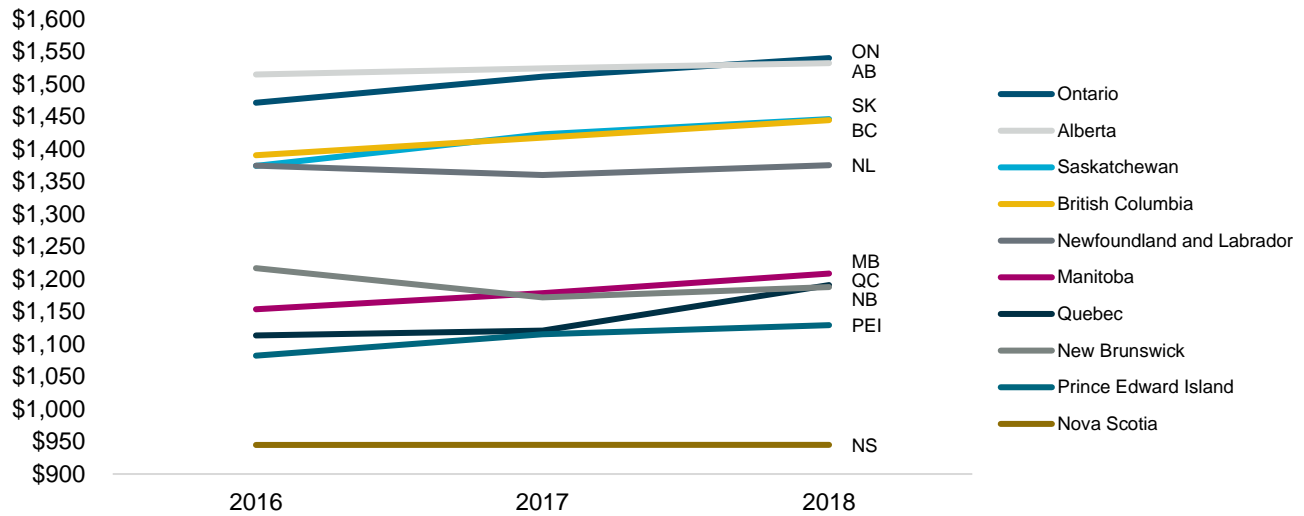


Jurisdiction	Actual 2016	Actual 2017	Actual 2018
Prince Edward Island	21.6	20.8	20.4
Newfoundland and Labrador	16.1	16.5	16.7
Saskatchewan	14.1	14.2	16.1
Nova Scotia	13.1	13.0	12.8
Manitoba	13.4	12.8	12.4
New Brunswick	11.7	11.5	12.1
Quebec	9.1	9.1	9.4
Alberta	6.9	7.0	6.8
British Columbia	6.1	6.3	6.8
Ontario	5.5	5.7	6.0

3.b Performance Indicator: Inter-jurisdictional comparison of weekly earnings of provincial public administration employees

(Provincial public administration comprises establishments of provincial or territorial governments primarily engaged in activities of a governmental nature, such as legislative activities, judicial activities, taxation, public order and safety, and the administration of provincial or territorial government programs. Provincial public administration employment includes employees that are actively being paid in the reporting periods (employees paid by the hour, salaried employees and other employees). Statistics Canada. Table 14-10-0204-01 Average weekly earnings by industry, Annual. Information is expressed at the dollar value(current dollars) prevailing during the period being referred to.)

Inter-jurisdictional comparison of weekly earnings of provincial public administration employees



Jurisdiction	Actual 2016	Actual 2017	Actual 2018
Ontario	\$1,472	\$1,512	\$1,540
Alberta	\$1,515	\$1,524	\$1,532
Saskatchewan	\$1,374	\$1,423	\$1,446
British Columbia	\$1,391	\$1,418	\$1,445
Newfoundland and Labrador	\$1,375	\$1,360	\$1,375
Manitoba	\$1,154	\$1,178	\$1,209
Quebec	\$1,113	\$1,121	\$1,191
New Brunswick	\$1,217	\$1,172	\$1,188
Prince Edward Island	\$1,082	\$1,115	\$1,129
Nova Scotia	\$945	\$945	\$945

3.c Performance Indicator: Bargaining mandates provided to major public sector employers prior to negotiations (*Bargaining mandates will be developed, and ready for the Cabinet Working Committee on Public Sector Negotiations' approval such that approved mandates can be provided to affected major public sector employers prior to negotiations commencing.*)

Outcome 4

What We Want To Achieve

Effective, efficient communication of government priorities and initiatives

Communications and Public Engagement is the Government of Alberta's full-service communications, public relations and marketing office. Its mandate is to enhance communications between Albertans and the Government of Alberta.

Key Objectives

- 4.1 Present government information across a spectrum of platforms including paid advertising, web, social media, text, email, signage, mail, print, video, graphics and audio, and to mainstream media on demand.

4.2 Achieve appropriate dissemination of government information through the most cost-effective channels possible.

Initiatives Supporting Key Objectives

- CPE provides planning, execution and measurement of communications efforts. Its services cover the spectrum of communications and marketing from research, design, production and delivery, including event coordination, issues management, digital communications, advertising and public consultation. CPE staffs the external communications functions in all departments of government with a mandate to ensure two-way communications between the people and the Government of Alberta. In 2020-21, \$32 million is allocated to CPE.

Performance Metrics

4.a Performance Measure: Alberta.ca sessions (in millions) per million population

The 2018-19 actual was 3.0 which exceeded the target of 1.2.

TARGETS

2020-21:	2.5
2021-22:	2.7
2022-23:	2.7

4.b Performance Measure: Proactive and reactive communications to Albertans via government channels (in millions).

(This measure sums social media impressions for @youralberta social channels (Facebook, Twitter, Instagram) as measured by each platform; video views for @youralberta on YouTube; and, Alberta.ca web page views).

The 2018-19 actual was 80.8 which exceeded the target of 51.0.

TARGETS

2020-21:	57
2021-22:	59
2022-23:	59

STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2020-21 Estimate	2021-22 Target	2022-23 Target
	2018-19 Actual	2019-20 Budget	2019-20 Forecast			
REVENUE						
Personal Income Tax	11,874,376	11,990,000	11,819,000	12,566,000	13,426,000	14,315,000
Corporate Income Tax	4,872,828	4,177,000	4,245,000	4,539,000	4,985,000	5,360,000
Other Taxes	4,322,843	3,244,000	3,236,700	3,156,000	3,244,000	3,347,000
Transfers from Government of Canada	1,638,851	1,962,000	1,951,000	1,760,000	1,824,000	1,893,000
Investment Income	2,015,461	2,264,145	3,167,849	2,254,248	2,473,742	2,633,586
Net Income from Commercial Operations	2,432,631	2,379,436	2,432,370	2,485,999	2,602,375	2,685,064
Premiums, Fees and Licences	171,752	160,811	174,315	197,631	215,488	233,951
AIMCo Investment Management Charges	407,716	361,599	370,120	538,032	560,457	544,420
Other Revenue	96,185	85,036	86,612	86,586	86,031	85,555
Ministry Total	27,832,643	26,624,027	27,482,966	27,583,496	29,417,093	31,097,576
Inter-Ministry Consolidations	(180,838)	(197,178)	(197,036)	(191,304)	(189,462)	(191,380)
Consolidated Total	27,651,805	26,426,849	27,285,930	27,392,192	29,227,631	30,906,196
EXPENSE						
Ministry Support Services	5,914	11,429	11,429	8,299	8,300	8,299
Budget Development and Reporting	5,615	6,525	6,525	6,188	6,188	6,188
Fiscal Planning and Economic Analysis	6,307	6,285	6,285	5,970	5,970	5,970
Investment, Treasury and Risk Management	374,294	345,199	347,826	323,108	327,249	323,292
Office of the Controller	6,835	8,045	8,045	7,682	7,682	7,682
Tax and Revenue Management	39,690	44,633	41,567	42,185	42,185	42,185
Financial Sector and Pensions	186,018	184,765	182,040	185,723	186,895	187,672
Provincial Bargaining Coordination Office	3,392	3,426	3,426	3,426	3,426	3,426
Corporate Planning and Red Tape Reduction	933	2,429	2,429	3,483	3,483	3,483
Public Service Commission	74,780	74,031	72,531	67,486	67,753	68,025
Communications and Public Engagement	65,165	34,716	34,716	31,931	32,062	32,196
Gaming	43,687	50,500	48,200	39,600	40,600	41,600
AIMCo Investment Management Services	410,726	360,669	368,918	536,862	559,252	543,179
Carbon Tax -Consumer Rebates	523,334	180,000	165,000	7,000	5,000	3,000
Teachers' Pre-1992 Pensions - Payments	479,148	486,167	486,167	488,417	487,417	486,417
Alberta Family Employment Tax Credit	158,931	160,624	160,624	40,929	-	-
Scientific Research and Experimental Development Tax Credits	65,501	50,000	70,000	68,000	2,000	-
Corporate Income Tax Allowance Provision	(45,789)	15,000	21,000	15,000	15,000	15,000
General Debt Servicing	1,087,276	1,274,446	1,126,654	1,181,808	1,327,483	1,381,358
Capital Debt Servicing	777,000	901,000	861,928	1,225,389	1,344,076	1,480,152
Change in Unfunded Pension Obligation	(40,809)	(226,000)	(200,000)	(269,000)	(265,000)	(267,000)
Disasters, Emergencies and Contingencies	-	680,000	-	750,000	750,000	750,000
Ministry Total	4,227,948	4,653,889	3,825,310	4,769,486	4,957,021	5,122,124
Inter-Ministry Consolidations	(207,622)	(200,000)	(201,702)	(192,279)	(188,991)	(189,110)
Consolidated Total	4,020,326	4,453,889	3,623,608	4,577,207	4,768,030	4,933,014
Net Operating Result	23,631,479	21,972,960	23,662,322	22,814,985	24,459,601	25,973,182

STATEMENT OF OPERATIONS ... continued

(thousands of dollars)

	Comparable			2020-21	2021-22	2022-23
	2018-19	2019-20	2019-20			
	Actual	Budget	Forecast	Estimate	Target	Target
CAPITAL INVESTMENT						
Ministry Support Services	-	25	25	25	25	25
Financial Sector and Pensions	1,801	4,407	5,195	4,528	4,436	3,970
AIMCo Investment Management Services	12,160	19,736	19,000	14,000	15,000	15,000
Consolidated Total	13,961	24,168	24,220	18,553	19,461	18,995