

AUMA's 2017 Submission on the Draft Municipal Corporate Planning Regulation

General

The title of the regulation should be changed to “financial planning” since “corporate planning” typically includes business plans, strategic plans, operational plans, etc. so is not appropriate to use.

It is difficult for municipalities to prepare three and five year financial plans without having certainty of funding over these timeframes since the province changes grant funding without notice and also consumes much of the property owner's tolerance for tax increases when it raises the education property tax component. In the absence of this funding certainty, municipalities' financial plans (i.e., funding sources and the associated expenditures and asset investments) are subject to change which must be explained to their citizens. As well, the uncertainty of funding may result in these financial plans being unfeasible and inefficient to prepare. For these reasons, AUMA has been calling for statutory and indexed funding and a minimum notice period of three years for funding changes. Once these changes are made, municipalities can accurately prepare their financial and capital plans.

Content and Form

We appreciate that municipalities will have the ability to adopt a format that is suitable for their needs.

For the financial (operating) plan component, the reference to “deficit” is problematic as municipalities are not allowed to budget for a deficit. Therefore, the term “deficit” needs to be clarified, defined, or removed from the regulation. As well, it needs to be clear how the other requirements as set out in the MGA regarding deficits and municipal debt limits fit with this requirement. There should also be clarity on the reporting of accumulated surplus/deficit.

Effective Date

The effective date should be written more clearly in the regulation as the current wording is confusing. For example, the requirement to prepare these plans in the “second year after the Act comes into force” could be interpreted as the work in 2019 for the 2020 plans or the work in 2018 for the 2019 plans.

Audit Requirements

We are seeking confirmation that the financial and capital plans do not require an audit.

***NEW REGULATION**

FOR DISCUSSION PURPOSES ONLY
MUNICIPAL CORPORATE PLANNING REGULATION

Definition

1 In this Regulation, “Act” means the *Municipal Government Act*.

Requirements of financial plan

2 The financial plan that a municipality must prepare pursuant to section 283.1(2) of the Act must include

- (a) total revenues and total expenses by major category,
- (b) the annual surplus or deficit, and
- (c) the accumulated surplus or deficit.

Requirements of capital plan

3 The capital plan that a municipality must prepare pursuant to section 283.1(3) of the Act must include

- (a) planned capital property additions, and
- (b) allocated or anticipated funding sources.

Transitional

4 The requirement to prepare a financial plan and a capital plan begins the 2nd year after section 283.1 of the Act comes into force.