



**Attention: News Editors**  
**For immediate release**

## **Infrastructure funding model at the centre of provincial budget**

*(Edmonton, March 16, 2017)* – Today’s provincial budget announcement was met with cautious optimism by Alberta’s urban municipalities.

The infrastructure investments are welcome news given that the declining state of municipally-owned public infrastructure is reaching a crisis point. Significant investment from all levels of government is required to address the \$26 billion dollar municipal infrastructure deficit in water and wastewater facilities, public transit and roads, emergency services, and recreation.

Roughly 85 per cent of Alberta’s population lives in urban municipalities and relies on this infrastructure every day. While municipalities are responsible for more than 60 per cent of Alberta’s public infrastructure, they collect only 10 cents from every tax dollar paid, with the balance going to federal and provincial governments. Alberta’s cities, towns, villages and summer villages do not have the funds available to rebuild infrastructure on their own and are heavily reliant on federal and provincial grants which were often decreased over the past 10 years or did not keep pace with the growth in communities. Municipal property taxes cannot provide the level of funding our communities need to address growth and aging facilities.

Municipalities appreciate the public infrastructure investments as there is a great need for new schools and health care facilities in our communities. However, only allocating 26 per cent of the total public infrastructure budget to municipalities, who own 60 per cent of public infrastructure, will not provide a long term solution to the deficit. Although the province indicates the Budget 2017 provides a 43 per cent increase in municipal infrastructure, much of this funding relates to federal programs. The majority of core provincial programs have remained the same or decreased from 2016.

For example, the Municipal Sustainability Initiative (MSI), brought in by the previous government in 2007 to help fund municipal infrastructure projects, officially expires at the end of this month. The province’s decision to maintain the MSI capital funding for another year at the current level of \$846 million is helpful but does not provide a long-term solution given the \$6,300 per capita infrastructure deficit in Alberta, which far exceeds the national per capita deficit of \$4,000. “The \$4 billion shortfall in MSI over the life of the program is troubling to our municipalities since during this time the province collected more than \$24 billion in tax revenue,” says AUMA President Lisa Holmes. “Many communities borrowed against the promised amount and are left with expensive interest payments and funding gaps. We need to



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fundamentally change the municipal funding model so that the MSI shortfall is resolved and a new approach to municipal funding is created.”

AUMA is concerned that the province is measuring the sufficiency of its investments by comparing us to other provinces rather than by addressing the imbalance between provincial and municipal investments within our own province. “Comparing Alberta’s spending to other provinces who have not experienced our growth rates is like comparing the Rocky Mountains to a hill,” says Holmes.

AUMA has provided the Minister of Municipal Affairs with some suggested approaches on a new funding model. In the recent changes to the Municipal Government Act, the province added a requirement for municipalities to provide three-year operating and five-year capital plans. “Long-term planning is vital; however, it is very challenging to develop accurate plans when the amount of provincial grants change without notice each year,” adds Holmes. “We are committed to working with government to develop a new and better model that delivers sustainable and predictable infrastructure funding for years to come.” In the interim, we know that the province is doing its best to meet most of its commitments for core provincial funding in the short term.

Front line policing resources and vacancy rates continue to be one of the top issues for our local communities, especially those in rural Alberta. As Alberta’s crime rates greatly exceed the national averages, municipalities were pleased that the budget provides increased resources for the court system.

“This is an important first step as it ensures that offenders can be prosecuted for their crimes rather than letting them walk away without consequence when the court proceedings exceed the 18 month time period,” says Holmes. “A top priority for the next budget is to increase the front line policing resources and fill needed positions,” adds Holmes. While municipal policing costs continue to rise, the per capita amount that the province contributes through its Municipal Policing Assistance Grant has remained unchanged for over five years. This is challenging considering that across Canada, municipalities pay more than 60 per cent of policing costs and are dealing with significant growth pressures.

Municipalities remain concerned about the financial impact of the carbon levy and the province’s apparent unwillingness to follow the approach in British Columbia and provide a rebate to municipalities. “It is critical that the province provides a municipal rebate and ensures a portion of the carbon levy is dedicated to supporting communities whose economies are transitioning to low carbon economic activities,” says Holmes.

Municipalities appreciate that the province is investing in much needed social programs to support Albertans in need. This includes maintaining the FCSS investment, addressing homelessness and responding to the recommendations to improve our mental health and



addictions system. These investments are important to the quality of life of citizens and make a difference in the overall health of our communities.

The success of the province is unquestionably linked to the success of Alberta's urban municipalities. It will require a strong partnership between all three levels of government to ensure that the local communities Albertans call home are great places to live, work, and play.

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### **About the AUMA**

Founded in 1905, the Alberta Urban Municipalities Association represents more than 260 of Alberta's urban municipalities, including cities, towns, villages, summer villages and specialized municipalities. Our goal is to develop a strong partnership between all three levels of government through a shared vision, with long-term planning that facilitates social and economic growth, a strategic and stable funding matrix for capital projects, vital emergency and social services and implementation and coordination in the delivery of services to ensure the long-term sustainability of Alberta's municipalities.

### **For more information:**

Maegan Sheskey  
Communications Coordinator, AUMA  
780-668-2436



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