

Funding of Local Infrastructure



Albertans rely on well-built and properly maintained infrastructure to succeed now and for the success of generations to come.

We seldom think about the roads, bridges and pathways we travel on every day, or the water and wastewater systems that supply clean drinking water and manage our sewage. We only realize how much our communities rely on essential infrastructure when it either fails or needs to be repaired. Then, we realize how costly and disruptive it is to either replace or fix it.

While no single level of government can fully fund all the infrastructure needed for Alberta to continue thriving and prospering, the provincial government can and should provide more funding.

We appreciate that the Government of Alberta is planning to review provincial education property taxes with a view towards giving more funding to municipalities, however, such changes are probably years away. As things stand now, **the Local Government Fiscal Framework (LGFF) simply won't provide municipalities with enough funding** to deliver on the provincial government's ambitious claim – that Alberta is the best province in Canada in which to live, work, and raise a family.

We want Alberta to succeed as the province's population expands, but it will take more funding for local infrastructure to do it.



The provincial government's **spending** on local infrastructure **has dropped** from **3.7%** of total spending a decade ago to just **1%** today

Provincial **funding** for local infrastructure



has dropped from about \$420/Albertan in 2011 to about **\$150/Albertan in 2023**

– a **DECREASE** of about \$270 per Albertan.



What does this mean?

This represents about

\$1.3 billion less investment

in community infrastructure every year.



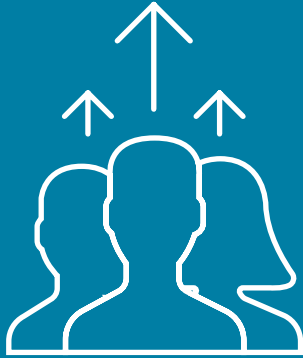
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Local governments in Alberta manage over **\$100 billion** worth of infrastructure systems.

Alberta Municipalities estimates that upwards of **\$1 billion a year in additional provincial funding** is needed to meet current and future community infrastructure needs.

Municipal governments are responsible for building and maintaining **over half of Alberta's public infrastructure.**



Alberta's population is on track to set a record 4.4% increase in 2023 and maintain a solid pace of 2.3% growth in 2024.

While the prospect of well-paying jobs and more affordable housing is enticing many people from outside the province to move to Alberta, it may not be enough to convince them to stay. Without a significant increase in provincial capital funding, Albertans will face substantial increases in their property taxes or insufficient local infrastructure that will only worsen as more and more people move to Alberta.

We appreciate that the provincial government made an increase to Municipal Sustainability Initiative Operating funding (an increase from \$30 million to \$60 million in 2023) and removed the cap on future growth of LGFF Capital funds, but it falls far short of what needs to be spent on local infrastructure.

ⁱ ABmunis' calculations are based on total expenditures presented in the Government of Alberta's 2023 Fiscal Plan, page 164. Infrastructure spending is based on total municipal capital funding programs delivered by the Government of Alberta, excluding funding from the Government of Canada that flows through the Government of Alberta.

ⁱⁱ Figures are based on ABmunis' calculations using the total of municipal capital funding programs delivered by the Government of Alberta, excluding funding from the Government of Canada that flows through the Government of Alberta. Figures are sourced from the Government of Alberta's annual fiscal plans and consist of the Municipal Sustainability Initiative Capital, Basic Municipal Transportation Grant, Water for Life, Municipal Water and Wastewater Partnership, Strategic Transportation Infrastructure Program, First Nations Water Tie-In Program, GreenTRIP, Alberta Community Resiliency Program, and the Municipal Stimulus Program. Population for 2011-2022 is from Statistics Canada Table 17-10-0005-01, Population Estimates on July 1st. Population for 2023 is from Statistics Canada Table 17-10-0009-01 quarterly estimate for Q2 2023.

ⁱⁱⁱ Premier Smith's August 2023 letter to the Minister of Municipal Affairs mandates a review of the feasibility of amending education property taxes to assist municipalities with retaining more funding for local priorities.

^{iv} ABmunis' calculations using the Government of Alberta's Municipal Financial Information Returns, 2021, Schedule G(4) Change in Tangible Capital Assets, total of all municipalities excluding land, electricity systems, and gas distribution systems.

^v ABmunis' calculations are based on tangible capital asset values (historical cost). Government of Alberta data is sourced from the province's 2021-22 Annual Report (March 31, 2022), page 67. Municipal government data is sourced from Alberta Municipal Affairs' municipal financial information returns, Schedule G(4) Change in Tangible Capital Assets, as of December 31, 2021.

^{vi} Source is the Government of Alberta's First Quarter Fiscal Update and Economic Statement, pages 16 and 17.



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