



Alberta Municipalities responds to provincial government's Budget 2024

Budget 2024 does not address Alberta's population growth & inflation

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EDMONTON – Budget 2024 reinforces the need for Albertans and their provincial and municipal governments to have tough conversations about balancing taxes, savings, debt, and service expectations.

Alberta Municipalities (ABmunis) whole heartedly endorses the Premier's vision in the strategic plan that "Albertans deserve to live, work and play in strong, safe communities with unfettered access to world-class services." At the same time, we know that world-class services require serious commitment and significant investment.

Provincial investment in municipal infrastructure seems detached from population growth and inflation.

The Government of Alberta has ignored ABmunis' call for the new Local Government Fiscal Framework (LGFF) capital program to start at \$1.75 billion. Instead, it will start at only \$722 million.

This continues the trend of inadequate provincial investments in community infrastructure being hundreds of millions of dollars below historical levels. When you consider changes in population and inflation, the situation for municipalities is even worse.

In 2011, the Government of Alberta invested \$420 per Albertan into municipal infrastructure programs. Fast forward to 2024, and that amount has plummeted to a mere \$186 per Albertan.

The funding also does not keep pace with inflation, which cuts into every municipal government's purchasing power. If LGFF capital funding had been adjusted to account for Alberta's inflation over the last three years, then the starting amount would have been almost \$100 million more – \$819 million.

Alberta Municipalities appreciates that Municipal Affairs Minister Ric McIver is in our corner and advocated for a new Local Growth and Sustainability Grant. Unfortunately, this extra \$20 million dollars-a-year is dwarfed by the billion dollars needed to keep pace with growth and pay down the estimated \$30-billion municipal infrastructure deficit.

Our disappointment in the lack of municipal infrastructure funding is compounded by the increase in the amount of education property taxes which the province will extract from our communities. Due to strong growth in property values and increased development over the past year, the Government of Alberta will collect an additional \$229 million – a 9.2 per cent increase – in provincial education property taxes in 2024-25.

The provincial government says this extra revenue will help mitigate the cost of rising enrolment in schools, but the tax increase will far surpass the 4.7 per cent year-over-year change in Alberta Education's budgeted expenditures.

Municipal Affairs' Business plan includes a key goal to "determine the feasibility of amending the Education Property Tax to assist municipalities with retaining more funding for local priorities." We welcome the opportunity to discuss the potential amendments to the education property tax regime with Minister McIver and ministry officials. In the meantime, the provincial government should refrain from eating into the most important of the limited revenue options municipalities have.

We applaud the provincial government's increased funding for drought and wildfire readiness and hope this will help avoid the stress and loss experienced by communities last year.

Increased funding for Affordable Housing, Mental Health and Addiction are steps in the right direction. We simply don't know if these steps are big enough.

The capital plan includes \$254 million in new funding to build approximately 3,300 new affordable housing units and to complete the 1,800 units already under development. Still, it is important to note that according to Statistics Canada, nearly 162,000 households in Alberta were in "core housing need" in 2021. In other words, these Albertans don't have suitable housing.

The provincial government currently helps 58,600 households with their housing costs, and Budget 2024 proposes expanding assistance to an additional 5,650 households over the next three years. This would still leave about 100,000 households in core housing need without any support.

The Government of Alberta has been "double downloading" costs onto municipalities. By underfunding municipal infrastructure investments and increasing government revenues from its education property tax, they are burdening property owners twice over.

Alberta Municipalities shares the Government of Alberta's vision for Alberta. We want to maintain Alberta's status as a destination of choice for individuals, families and investors. The people who are making Alberta the fastest growing province in Canada are coming to live in our municipalities.

We call on the provincial government to step up and create a plan to address this unprecedented growth, in partnership with municipalities and other key stakeholders, to ensure Albertans continue to thrive in strong, safe and vibrant communities for generations to come.

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From the smallest village to the largest city, across every region of the province, Alberta Municipalities (ABmunis) represents the communities where over 85% of Albertans live. ABmunis was founded in 1905 to provide urban and rural-region communities with a united voice. Alberta Municipalities now serves more than 260 of Alberta's 334 municipalities making it the province's largest municipal group.

We work with elected and administrative leaders of Alberta's summer villages, villages, town, cities, and specialized municipalities to advocate for solutions to their common issues.

And we help them build resilient and thriving communities by providing valuable services. We use our members' combined purchasing power to negotiate the best possible value and competitive pricing on employee benefits, insurance, energy, and other services needed to run an effective and efficient municipality.

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