



# Rural Still Matters!

## Moving Local Government Forward

### FREQUENTLY ASKED QUESTIONS

#### **Why does rural matter?**

More than simply land, rural Alberta is a vital part of this province's economy, culture and future. Rural Albertans are as diverse and unique as their urban counterparts. In 2008, the AAMDC hosted a national symposium to discuss the issues pertaining to rural municipalities and identify rural priorities. It was an immensely successful event, and we are doing our part in Alberta to forward the ideas and priorities outlined for moving local government forward. The time is right with change on the provincial political horizon, the time is right to renew our efforts.

#### **What's with the "still"?**

There's been a lot of discussion about municipalities and how they interact with other levels of government. We say "still", because these issues and discussion points are not new. We've been advocating all along—particularly for the recognition of the unique situations and challenges facing rural municipalities. We're pleased the dialogue is getting more attention. It is an excellent opportunity to build on our long-time position that rural really does matter.

#### **Do you think local matters?**

Of course it matters. Local government is the government closest to the people. And as such, we are best positioned to know what our citizens need and how to provide it. But it goes further. Rural matters. More than simply land, rural Alberta is a vital part of this province's economy, culture and future. Rural Albertans are as diverse and unique as their urban counterparts.

#### **Why is funding such an important issue?**

Local governments in this province deal with a myriad of complex problems on a day-to-day basis. Most significant among these issues for rural municipalities is how to finance the hard infrastructure that is essential to the economic growth and viability of the municipality and by extension, the on-going prosperity of the province. What makes this situation even more critical is the fact that all municipalities have very limited means to raise the funds necessary to meet the required expenditures.

As the government closest to the people, we know what their needs are. As elected officials, it is our job to develop long-range plans to address those needs. As a result, municipalities are in the best position to determine where spending should be allocated based on their own long-term plans.

#### **What funding issues are unique to rural Alberta?**

Quality infrastructure is critical in supporting a healthy, vibrant province. For rural municipalities, the majority of municipal funding is spent on providing infrastructure such as roads, bridges and water, not services. Rural infrastructure needs do not necessarily reflect population. For example, one rural municipality has a population of 2,100 but is responsible for 2,200 kilometres of road and potentially hundreds of bridges. At the same time, rural municipalities are expected to provide a comparable level of services as their urban counterparts but without the advantage of economies of scale. Still further, other non-population based variables such as environment or safety standards add to municipal expenses.

#### **Do municipalities need a new relationship with the provincial government?**

The impacts of any changes will vary across municipalities, so the AAMDC believes more analysis and discussion is the way to proceed. Ultimately, we believe that any discussion should focus on the practical, working aspects of intergovernmental relationships. Municipalities need and will continue to need long-term, sustainable funding options supported by other levels of government. We believe it is imperative for the Alberta Government to maintain its investment in municipal infrastructure spending. Because it is within their responsibility to address the fiscal imbalance.



## How would municipalities benefit from a new relationship with the provincial government?

Relationships evolve over time, and we are always open to discussion on how to best serve citizens. These discussions need to consider autonomy, transparency, accountability, flexibility and equity. Inevitably in discussions about the relationship, we will need to address the funding needs of municipalities including those unique to rural Alberta where population is not necessarily the driving factor. The impacts of any changes will vary across municipalities, so the AAMDC believes more analysis and discussion is the way to proceed.

## Should municipalities be recognized as a third level of government?

As long as the municipal-provincial relationship continues to be effective, accountable, transparent, sustainable and upholds the principle of autonomy, the constitution should likely be left as is. There can be advantages to being an entity of the province especially when you are a municipality with limited capacity. The AAMDC believe that any discussion should focus on the practical, working aspects of intergovernmental relationships.

## Does the MGA need to be rewritten?

The MGA was a flagship piece of legislation that has been modeled by other provinces. Our position is, let's keep it that way by making and keeping it current through timely reviews. It is time for a comprehensive review and we're ready for it. It is time to get the discussion going. The AAMDC looks forward to being involved in this review through consultation.

## What can municipalities do on their own to ensure the ability to provide infrastructure and services?

We encourage municipalities to continue to commit themselves to finding sustainable, local solutions to local challenges. Most municipalities understand their role and do their part. This includes long-range planning, partnering with neighbouring municipalities, finding service efficiencies and make the best use of existing infrastructure. It also means taxing responsibility to provide the best value for taxpayer dollars.

## Is tax revenue the answer?

It could be, but there are a lot of options and a lot of unknowns. What we do know is that without the current system of grants, even the healthiest municipalities will have fiscal gaps. Municipalities need and will continue to need long-term, sustainable funding options supported by other levels of government. Whatever the solution, it is within the mandate and responsibility of other orders of government to help offset those deficits. To be clear, when tax revenue is offered as a potential solution, we believe it is tax sharing with the provincial government. For example, the provincial government, has an obligation to ensure that all Albertans participate in the province's prosperity. Municipal governments have neither the mandate nor the means to match the actions of the provincial or federal government.

With any funding scenario, it is important to recognize that this is to address an existing imbalance with current roles and responsibilities. Improvements in funding should not be accompanied by additional municipal responsibilities.

## Would the AAMDC prefer to continue with a grant-based system?

Grants aren't perfect, but municipalities have received much assistance from this type of funding and we appreciate it. For example, municipalities received an unprecedented level of funding through the Municipal Sustainability Initiative (MSI). But MSI is not a complete solution, and it is a commitment with an expiry date. Other grant programs cause municipalities to compete with one another and require significant capacity to access and manage. Sometimes success is dependent on who can write the best grant application. Regardless of the main funding mechanism, there will always be a need for grant programs.

## What does all of this mean to the average citizen?

From the taxpayers perspective, knowing where the money comes from is easy—it comes from them. More importantly it is knowing where the tax dollar goes, what benefit do they receive and that the benefit is provided in an efficient and effective manner. Collecting a tax raises the bar on accountability for municipalities and makes accountability a primary consideration when expending these funds. As municipalities, we want to continue to be empowered to do that in a way to meets unique local needs and improves transparency and accountability at the local level.