

September 9, 2019

## MackKinnon Report: RMA Analysis

*RMA provides a breakdown of the Blue Ribbon Panel Report*

On September 3, 2019 the Government of Alberta released the [Report and Recommendations of the Blue Ribbon Panel on Alberta's Finances](#) (the MacKinnon Report), which explores Alberta's provincial government spending. RMA appreciates the intent of the MacKinnon Report to provide recommendations on how the Government of Alberta can improve its financing and spending situation. RMA supports improved efficiency and service delivery, but is reviewing the recommendations to ensure they do not compromise the sustainability of rural municipalities. Below is RMA's analysis of the report.

### Areas of Alignment

#### Capital Spending

RMA believes that capital spending on infrastructure is essential to support Alberta's economy, and recognizes that there are improvements that could be made to ensure efficient processes and practices in this regard. We support the creation of a capital spending plan that includes collaboration between municipalities and the province to provide and maintain infrastructure that enables economic growth, allowing the movement of goods, services, and Albertans.

The RMA also supports the recommendation of making better use of federal infrastructure funding, through the Investing in Canada Infrastructure Program (ICIP).

RMA supports asset management principles of capital planning, which includes undertaking life cycle costing and financially planning and saving for repair, maintenance, and replacement of assets. Municipalities have practices in place, including dedicating funding to meet future capital project needs, to support management of assets.

#### Health

RMA agrees with the panel's recommendation to make greater use of alternative delivery for day procedures and other services that do not have to be delivered in hospitals (Recommendation 3). The use of alternative service delivery may allow for the opportunity to shift some day procedures to rural hospital facilities, potentially improving efficiency in healthcare while utilizing existing infrastructure.

#### Fixed Budget Dates

RMA agrees with the panel's recommendation to establish a fixed budget date (recommendation 25). A fixed budget would provide municipalities with more clarity when determining their own budgets.

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## Nurse Practitioners

RMA agrees with the panel's statement that "many health care problems can be more appropriately treated at less cost by other health professionals, like Nurse Practitioners."

## Areas of Concern

### Capital Spending - Municipal Grants

Capital grants make up 25% of the provincial government's capital spending; a level that the report identifies as unsustainable. The report also suggests municipalities should contribute more to infrastructure projects. However, municipalities own and maintain approximately 60% of Alberta's infrastructure, but only receive 10% of every tax dollar.

- RMA agrees that there is "only one taxpayer" but does not agree that municipalities should bear greater infrastructure costs. Despite having approximately 18% of Alberta's population, rural municipalities are already responsible for managing approximately 77% of Alberta's roads and 60% of Alberta's bridges.
- The comparison between provinces does not identify that state of infrastructure and assets each jurisdiction maintains, or municipal services and services levels across those provinces.
- It is unclear why the report makes the claim that municipalities "have tax room and yet rely on increasing provincial grants." Based on discussions with RMA members and the challenges identified by the oil and gas industry, it would appear that many municipalities do not have the room to increase taxes. Further clarification on the methodology behind the report's claim would be appreciated.

The RMA cautions the context of the report specific to capital spending and municipal grants as there is no recognition of the other current issues and government policy changes occurring in Alberta that are affecting a rural municipality's ability to pay for current services, let alone pay more, because of reduced provincial supports. Rural municipalities are currently experiencing a shrinking oil and gas tax base, combined with provincial changes to assessment calculations of these properties for future years, and non-payment of taxes by some of this sector. In addition, though collaboration between municipalities is ongoing, the financial ability to fulfill cost-sharing agreements and complete legislated Intermunicipal Collaboration Frameworks will likely suffer. Further, potential downloading of responsibilities such as rural police funding without guaranteed increased service levels to address rural crime will stretch rural municipal budgets beyond simply capital spending ability.

### Municipal Accountability

The report recommends establishing more accountability mechanisms to monitor the delivery of municipal programs and services. RMA raises concern on this as municipalities are the already transparent in the following ways:

- Municipal budgets and spending decisions are debated in open council meetings

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- Municipalities provide detailed financial reporting to Municipal Affairs, and those results are accessible to the public
- Municipalities are the only order of government that cannot run deficits

Having additional reporting to the government would only increase red tape within municipalities.

## Advanced Education

The report made recommendations to change Alberta's post-secondary system, including a review of which higher education institutions are financially viable. The panel recommends concentrating public funding to some institutions, rather than spreading funding to institutions running similar programs that have lower completion rates.

- RMA believes this recommendation will have a negative effect on rural universities and colleges as they have lower rates of completion but make significant contributions to rural employment and economic development.
- Therefore, not spreading funding to each institution can have negative impacts of the quality of life for individuals that rely on rural colleges and universities for employment and education, and may contribute to rural depopulation.

## Next Steps

The Government of Alberta may not implement all 26 recommendations. RMA will monitor and keep members apprised of the government response to the recommendations, as well as any changes to municipal infrastructure funding upon the release of the provincial budget in October 2019.

RMA remains committed to working with the Alberta Urban Municipalities Association (AUMA) and the Government of Alberta to create a new fiscal framework for municipalities that supports the province's financial goals while maintaining the critical infrastructure and services that supports Albertans' quality of life.

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