

### UNIQUELY RURAL Election Priorities for Alberta's Rural Municipalities Information for Members

April 2023



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## Introduction

Provincial elections present a unique opportunity to connect with candidates and political parties. Different stakeholders and sectors get the chance to discuss who they are, what matters to them, and priorities or actions they want to see from whoever is ultimately elected, whether it's a local MLA or the party in power at the provincial level.

For the RMA, provincial elections are a huge opportunity to build relationships with new and incumbent candidates, as well as influence the development of party platforms to ensure that rural municipal priorities are highlighted by those seeking to lead the province. The election is not just an opportunity for the RMA, it is also an opportunity for every RMA member to do the same at the local level, with candidates from all parties.

This guide is intended to be used by you, municipal councillors and senior administrators, to support your engagement with MLA candidates in your local riding. Some candidates may be well-known and familiar with your municipality, while others may be from urban communities in the riding and have little understanding of the role of your municipality in managing infrastructure, supporting industry, and contributing to regional initiatives. There is value in engaging with all candidates, as even those that do not ultimately serve as MLA will likely continue to be active within the riding and could emerge as a rural municipal advocate.

This guide outlines the RMA's six election priority areas, including the following under each:

- 1. Overview and importance: This section summary of why the priority area is important at the province-wide and municipal level.
- 2. How to approach this issue locally: While the RMA is focused province-wide, there may be a different strategy or approach to put a local spin on this issue that will resonate with MLAs within your ridings.
- 3. Position statements: This section features selected position statements that the RMA utilizes for its advocacy efforts that could be used as is or modified by municipalities.
- 4. Key messages: Prompts provided by the RMA on key municipal messaging that you can consider completing or modifying and integrating into your local advocacy efforts.
- 5. Other resources: this section includes links to other RMA tools, reports, etc. that may be helpful to share with local candidates.

# RMA Election Priority Areas

#### **Priority Area 1: Adoption of a Rural Lens**

#### **Overview and Importance**

Provincial government legislation and policies impact stakeholders in different ways. For RMA members, policy changes designed to address issues in urban areas or other sectors can have unintended consequences. The RMA is requesting the next government to adopt a rural lens when designing and evaluating policies. A rural lens means considering that rural areas have dispersed populations, large land masses, and high levels of industrial activity. As a result, rural municipalities often have unique challenges in delivering services and building infrastructure, but also unique opportunities in hosting industries and developments that require land or resource access.

#### How to Approach this Issue Locally

Much of what municipalities do is in the background. Property owners pay their taxes because they are required to, but they don't necessarily understand how a municipality operates, the services it provides, or even what it is. While this is not the case for all residents, it is for many, including some candidates for provincial office.

Before focusing on specific issues, using a rural lens will provide a chance to tell your story and explain the importance of your more detailed priorities. At a provincial level, the RMA's work on telling member stories has focused on aspects such as the geographic size of rural municipalities and costs of delivering services across such a dispersed area, the economic development role played by RMA members and the role of industry in driving municipal costs, the regional support provided by rural municipalities, and individual stories about innovative and creative ways that RMA members deliver services in rural areas. Focusing on how your municipality implements similar themes locally is a great way to apply a rural lens to your campaign efforts.

- Rural municipalities are characterized by low populations and large geographic areas. Alberta is the only province where the entire land mass (with the exception of national and provincial parks) is municipally managed. RMA members are responsible for municipal service provision to 86.5% of Alberta's total land mass, with the remainder comprised of urban municipalities and national / provincial parks.
- Rural Alberta is vital to the province's and nation's economy. Rural Alberta's GDP is \$89.6 billion, which is 26% of Alberta's total GDP.
- Rural municipalities are home to 18% of the approximately four million people that live in Alberta. However, rural municipalities manage the majority of province's transportation infrastructure. Overall, Alberta is home to 23% of Canada's roads, and rural municipalities are responsible for approximately 75% of Alberta's roads and 60% of Alberta's bridges.
- Alberta's rural municipalities cover an average of over 8,000 square kilometres of land. This is substantially larger than comparator provinces, where the average municipal area is less than 1,000 square kilometres.
- Community services often look different in rural areas than in urban areas. It is important that
  rural communities have the autonomy to offer services in a way that meets the local needs of
  their residents.
- Due to their unique role in serving extremely large areas with dispersed populations and high levels of industrial activity, rural municipal service delivery profiles are often unique compared to those in municipalities elsewhere in Alberta and across Canada. While some rural municipalities may offer limited levels of more traditional municipal service such as waste collection, many invest significant time and capacity in building and maintaining vast road and bridge networks to support resource industries such as oil and gas, forestry, renewable energy, and agriculture.

#### **Key Messages**

- [MUNICIPALITY] covers [X] square kilometres of land. That accounts for about [X]% of the land in [RIDING].
- [MUNICIPALITY] manages [X] kilometres of roads and [X] bridges. This infrastructure is central to supporting the [INSERT RELEVANT INDUSTRIES AND ANY INDUSTRY-SPECIFIC STATISTICS AVAILABLE ABOUT ROAD AND BRIDGE USE].
- [MUNICIPALITY] has agreements in place with [URBAN MUNICIPALITIES] to support the delivery of a range of services such as [LIST SERVICES OR SPECIFIC AGREEMENT EXAMPLES].
- Share any other unique aspects of your municipality that impact funding levels, service delivery challenges, etc., as well as innovative approaches you are taking to support residents or industry.

- RMA reports:
  - ♦ Alberta's Rural Municipalities: Unique Size, Unique Responsibilities
  - ♦ The Economic Contribution of Rural Alberta
  - ♦ Apples to Apples: Rural Municipal Finances in Alberta
- Position statements:
  - ♦ About the RMA
  - ♦ Interprovincial comparisons



#### **Overview and importance**

Property tax revenue alone is not sufficient for municipalities to provide all the services delegated to them by the province. As a result, municipalities rely on grant funding to provide infrastructure and services like road maintenance, water and wastewater, recreation, and other infrastructure and services. The most significant provincial grant is the Municipal Sustainability Initiative (MSI), which will be replaced by the Local Government Fiscal Framework (LGFF) in 2024. The LGFF funding pool for 2024 is 37% lower than the average annual allocation of MSI over the previous 10 years. This means that as Alberta's population and economy continue to grow, Alberta's municipalities are receiving less provincial support to deliver core infrastructure and services.

By providing services in a cost-effective manner, rural municipalities play a significant role in supporting economic development. Adequate provincial funding ensures the sustainability of municipalities, which allows them to provide certainty to the businesses that operate within their communities and attract new investment.

#### How to Approach this Issue Locally

For those not directly involved in the "municipal world," municipal finances are likely a mystery. This includes most candidates for provincial office, and particularly those that have not previously held office. For this reason, advocating on this issue effectively at the local level may require taking a step back from seeking candidate positions on specific grant programs like the LGFF or Strategic Transportation Infrastructure Program, and instead engaging in a broader conversation about the importance of provincial support for municipalities (particularly for capital projects) and the impacts that unpredictable year-to-year provincial support has on your municipality and others in the riding. Some questions candidates may have include: "Why do you need grants?", "How do you use grants?", or "What if you didn't have grants?".

Once candidates have a general understanding of why municipal funding is an important issue that they should have a position on, there will be an opportunity to shift into a focus on more specific grant programs.

#### **Position Statements**

- It is vital that the provincial and federal government support municipalities through long-term, predictable, and stable revenue sharing. Without predictable and consistent revenues, it is difficult to plan capital projects, to service interest payments, and to provide consistent levels of service to citizens.
- The \$370 million 2024 2025 LGFF funding amount represents a 37% reduction in funding from the average MSI allocation over the last 10 years. This reduction results in a funding amount that is inadequate to support municipalities in Alberta to build and maintain infrastructure to accommodate population growth and economic development.

- The current annual funding escalator clause in the LGFF Act is insufficient and does not reflect a true provincial-municipal partnership. The clause results in LGFF funding growing annually at a rate of 50% of provincial revenue growth. As municipal infrastructure plays a direct and important role in support three economic development, the 50% ratio is unfair and should be replaced with a 100% ratio to reflect a true provincial-municipal partnership.
- Municipalities require a steady and adequate revenue stream to effectively deliver services. Municipalities are highly reliant on property taxes and provincial and federal grants for revenues. Any changes to either revenue source risks impacting the scope and level of services provided by municipalities.

#### **Key Messages**

- Provincial funding support is very important to our municipality and others in the riding. We
  receive approximately [X]% of our overall revenues from provincial funding. If this funding did
  not exist, we would have to raise our residential tax rate by [X]% or our non-residential tax rate
  by [X]%.
- In recent years, provincial grant funds have contributed to a variety of projects in the municipality, including [LIST PROJECTS].
- We are concerned about the current government's plan to reduce the overall amount of funding available for the Local Government Fiscal Framework. At this point, we don't know how the funding will be allocated, but the overall grant amount will be reduced by 37% in 2024 compared to the average amount over the last 10 years. For us, losing 37% of this funding equals \$[X], which is close to the cost of [BRIDGE REHABILITATION, PAVING A CERTAIN SEGMENT OF ROAD, OTHER NOTABLE PROJECT OR EXPENDITURE].

- RMA reports:
  - ♦ The MacKinnon Report: Many Questions, Few Answers
  - RMA LGFF Proposal: Member Summary
- Position statements:
  - ♦ Municipal Finances
  - ♦ Municipal Service Delivery
  - ♦ Rural Economic Development





#### **Overview and Importance**

Municipalities have minimal funding sources that they directly control, with municipal property taxes being the most significant by far. In recent years, the Government of Alberta has made several decisions that have weakened the ability of municipalities to collect property taxes on oil and gas properties.

According to a 2023 RMA member survey, rural municipalities were owed \$268 million in unpaid taxes from the oil and gas industry as of the end of 2022. Unlike residential and commercial properties, where both unpaid tax enforcement and recovery mechanisms are straightforward and municipal authority is clear, the complexity of the oil and gas industry and related properties mean that municipalities have struggled to determine if and how they can recover taxes. In March 2023, the Government of Alberta issued a ministerial order through which the Alberta Energy Regulator must now require companies with a history of property tax non-compliance to show proof of property tax payments before selling or acquiring licences. While the RMA is optimistic that this action will reduce the scale of tax non-payment, it is too early to know whether it will be effective.

Non-payment of property taxes negatively impact other residents and businesses by leaving the municipality no choice but to make up for the revenue shortfall by reducing service levels, or by increasing tax rates on other property types to make up for the difference.

In addition to community impacts, non-payment of taxes should be a concern for anyone supportive of Alberta's oil and gas industry. Most oil and gas companies meet their tax obligations, but those that do not, harm the industry's overall reputation. This is especially significant as Alberta strives to develop an environmental, social, and governance (ESG) framework to become a leader for clean, secure, and ethically sourced energy.

The Government of Alberta has also made other recent policy decisions that have taken crucial property tax tools away from municipalities. In 2020, the province eliminated the Well-Drilling Equipment Tax (WDET). The WDET provided support to rural municipalities to offset sudden costs associated with the increased use of municipal infrastructure by drilling rigs and other industrial equipment. Eliminating it was intended to stimulate new drilling activity during a time of low commodity prices.

In 2019, rural municipalities collected approximately \$23 million in WDET revenue. In 2020, this was suddenly no longer available. As commodity prices and drilling have increased dramatically since 2020, rural municipal infrastructure is being impacted like never before and municipalities have no revenue source available to offset new costs.

At the same time that it eliminated the WDET, the Government of Alberta implemented a three-year property tax holiday for newly drilled oil wells. This holiday exempts new wells and pipelines from taxation until the 2025 tax year. Although this holiday was introduced to help mitigate the effects of 2020's economic downturn on the oil and gas industry and promote growth, it is no longer necessary as the industry is in a boom phase with record profits and high levels of new drilling.



#### How to Approach this Issue Locally

Based on the RMA's member survey, the seriousness of unpaid taxes varies among municipalities. However, only two of the RMA's 69 members reported no unpaid taxes. For RMA members, this is a major issue with direct impacts on local service delivery or tax rates. For those not directly impacted, others nearby are. Similarly, the lack of a WDET and implementation of a tax holiday on new drills has province-wide impacts, especially on municipalities struggling to support rapid industry growth in some areas.

Approaching this issue locally should be straightforward. Unlike all other property owners, including candidates for provincial office, oil and gas companies can choose not to pay taxes. Explain this to candidates by sharing the amount outstanding in your municipality and the impacts it has had on the community in the form of reduced services, increased tax rates, or even municipal layoffs. It can be challenging to illustrate the impacts of provincial or municipal issues on the lives of individual Albertans. The unfairness of allowing a single industry to avoid tax payments while leaving everyone else to feel the impacts is a powerful image.

#### **Position Statements**

- Non-payment of municipal property taxes causes municipalities significant planning and financial challenges. Alberta's current legislation allows for different tax recovery powers for different property types. Due to the importance of property taxes to municipal sustainability, municipal tax recovery powers must be clarified and applied consistently across property types.
- Recent changes made by the Government of Alberta to allow municipalities to place special liens on property to recover unpaid oil and gas property taxes provide municipalities with an important tax recovery tool that was previously lacking. However, serious doubts exist as to how these tools can be safely and effectively used by municipalities.
- The RMA has taken the position that payment of municipal taxes should be a core measure of an oil and gas company's ability to operate and should be considered as a core measure of company risk by the Alberta Energy Regulator. If companies are unable or unwilling to pay municipal taxes, it is likely they will struggle to meet other regulatory or environmental requirements.
- As oil and gas prices rise and the industry recovers from previous economic struggles, there are
  no more excuses for oil and gas companies to not pay property taxes. Other taxpayers are not
  exempt from payment due to economic, industry, or personal situations and such a loophole
  should not exist for a single industry.

- As the regulator of the oil and gas industry in Alberta, the Alberta Energy Regulator (AER) should be responsible for ensuring that oil and gas companies meet their property tax obligations. The AER currently monitors nearly all aspects of oil and gas companies' financial activities to ensure that they do not pose an operational risk to Albertans, and it is reasonable to include payment of property taxes within the AER's scope.
- To this point, the AER has indicated an unwillingness to become more involved in ensuring that the companies they regulate meet their property tax obligations.

#### Key Messages

- Our municipality is currently facing \$[X] in unpaid property taxes from oil and gas companies.
- Our municipality has lost \$[X] of revenue from the elimination of the Well Drilling Equipment Tax and the property tax holiday on new drills since 2020.
- [X]% of the unpaid taxes are from companies that continue to operate but choose not to pay taxes.
- The amount of unpaid taxes is equivalent to [CAPITAL PROJECT, DEPARTMENT BUDGET, ETC.].
- Due to unpaid taxes, the municipality has had to [RAISE TAX RATES, REDUCE SERVICES, ETC.]

- RMA reports:
  - ♦ The MacKinnon Report: Many Questions, Few Answers
  - ♦ RMA 2023 Unpaid Oil and Gas Tax Survey Summary
- Position statement: Municipal Taxation and Assessment





#### **Overview and Importance**

To meet the needs of residents and industry, municipalities must have adequate decision-making autonomy. Alberta's communities are diverse. Too much province-wide control over municipal decision-making and priority-setting can undermine the role of municipalities to support local needs and priorities.

In recent years, municipal autonomy has been eroded in several ways, including reductions in municipal funding, increased downloading, and limitations in municipal input into approvals for provincially-regulated developments such as renewable energy projects, wells and pipelines, and confined feeding operations.

It is the province's responsibility to equip municipalities with the tools to plan and make decisions locally and ensure that they have a mechanism to share the local perspective in all land use issues, even if the final decision is made by the province. Municipalities work in the public interest and are experts at balancing competing interests to make difficult decisions. Moving forward, it is crucial that the Government of Alberta recognize, respect, and design policy that supports this role.

#### How to Approach this Issue Locally

Nearly every rural municipality has experience with provincial decisions that compromise local autonomy. This could include approvals of provincially-regulated developments that contradict local land use plans, new expectations placed on municipalities by the province that force a shift in service delivery or infrastructure priorities, or other examples. To make the issue of local autonomy resonate with candidates, municipalities should use specific examples of when provincial decisions placed the municipality in a difficult spot.

This approach will help the candidate understand the importance of local governments having the ability to make decisions independently and with support, rather than interference from higher levels of government. They should also highlight the need for local governments to be able to access the resources and services they need to best serve their constituents.



- Municipal autonomy allows municipal governments to make decisions about which services they
  will provide and how they will be delivered. This autonomy gives municipalities the freedom to
  develop their own policies and procedures, as well as to determine the best way to meet their
  citizens' needs.
- Municipal autonomy enables municipalities to set their own fiscal policies, which can help to better manage their resources and to make decisions that are tailored to the needs of their local community.
- Any red tape reduction initiatives that reduce municipal autonomy or increase the administrative burden on municipalities should not be considered without data-driven evidence as to how they will contribute to job creation and economic growth.
- Municipalities require their autonomy because it allows them to pursue cost-effective approaches to service delivery, which often result in higher levels of efficiency and improved service quality.

#### **Key Messages**

- Our municipality requires autonomy in order to make decisions that are tailored to the particular needs of our community, while also taking into account the fiscal constraints of our municipality and the services offered within the region. An example of an innovative local approach we've taken recently is [PROVIDE EXAMPLE].
- We are concerned about recent reductions to the level of autonomy of municipalities in Alberta, which could lead to less flexibility in delivering services that are tailored to the unique needs of their communities. We've seen this play out in our municipality through [PROVIDE EXAMPLE].

- RMA reports:
  - ♦ The MacKinnon Report: Many Questions, Few Answers
  - ♦ Municipal Structures: An Alternative Dialogue for Municipalities in Alberta
- Position statements:
  - ♦ Municipal Finances
  - ♦ Municipal Service Delivery
  - ♦ Rural Economic Development

#### **Priority Area 5: Rural Healthcare & Social Services**

#### **Overview and Importance**

The importance of access to healthcare and social services in rural Alberta cannot be overstated. These services have a direct impact on the lives of rural Albertans. They are essential to promoting and maintaining the health and wellbeing of rural communities. Despite this, rural communities face unique challenges in accessing healthcare and social services, including limited access to local services, a need to travel to reach specialized services, limited availability of healthcare professionals, and limited funding for healthcare infrastructure. These challenges are made worse by a lack of public transportation and unreliable internet access. Similar barriers exist with other provincially delivered social services, as the service levels found in urban communities often far exceed those in rural areas due to the higher costs of service delivery.

Though rural communities typically have lower and more dispersed populations, they still deserve investment in social services. Family and Community Support Services (FCSS), support for vulnerable populations, such as seniors, and victims services are all examples of social services that municipalities prioritize to ensure their residents have access to information, resources, and networks.

While healthcare and social services are typically not directly provided by municipalities, RMA members are increasingly taking on roles in these areas to address the fact that provincial service levels are often insufficient to meet local needs. For example, many rural municipalities subsidize emergency medical services, support the recruitment and retention of healthcare staff, and have invested in ownership of healthcare clinics. To further support their citizens and fill the gap left by the provincial government, many municipalities have taken it upon themselves to invest in social services such as affordable housing, food banks, and community health initiatives. This has necessitated the need for municipalities to find additional sources of revenue and reallocate existing service delivery priorities.

#### How to Approach this Issue Locally

In many cases, how health and social services are funded is not easily visible to residents, including candidates for provincial office. Municipalities should share specific examples of innovative or collaborative approaches they have taken to supplement or subsidize delivery of provincial services and how that involvement has improved the quality of life in the community. They should also emphasize the ways in which provincial services fall short, how these challenges are impacting population retention, and the attraction of businesses to the community.

It is important for candidates to know that while rural municipalities often go "above and beyond" to support social service delivery, the responsibility ultimately falls with the province and, if elected, the candidate should advocate for improved rural delivery.

- Healthcare delivery in rural Alberta has unique characteristics, including the high amount of on-call services and the important role of part-time nurses. Retaining these flexible positions supports access to adequate healthcare in rural areas.
- Municipalities in rural Alberta are often burdened with the costs to provide peripheral aspects of healthcare, including the costs to attract and retain medical professionals, transportation to and from healthcare facilities, and costs associated with responding to emergencies on Crown land.
- In many rural areas, municipalities have taken a direct financial role in attracting health professionals. As the provision of healthcare is a provincial responsibility, municipalities should not be forced to dedicate limited budgets toward healthcare recruitment and retention.
- Alberta's health funding mechanisms must evolve to support flexible healthcare delivery in rural Alberta. All healthcare providers, not only doctors, should have the ability to independently operate within their sphere of qualifications in rural municipalities.
- Community services are proven economic drivers. For Alberta's rural municipalities to offer a quality of life that will attract and retain residents, as well as support business and industrial development, strong community services must be available.

#### **Key Messages**

- We are concerned about the government's slow handling of rural healthcare and social services, which is resulting in a lack of funding and an inequitable distribution of resources. Our municipality has experienced this through [PROVIDE AN EXAMPLE]
- We would have to raise our residential tax rate by [X]% in order to generate the necessary funds to ensure that our residents have access to the healthcare and social services they need. For example, we have recently [PROVIDE EXAMPLE].

- RMA report: The MacKinnon Report: Many Questions, Few Answers
- Position statements:
  - ♦ Health
  - ♦ Community Services
  - ♦ Municipal Service Delivery
  - ♦ Rural Economic Development



#### **Priority Area 6: Rural Internet**

#### **Overview and Importance**

Rural areas often lack infrastructure and resources to support reliable internet connectivity. The lack of access makes it difficult for people in rural communities to utilize services like telehealth and education, and can lead to economic stagnation. Without access to highspeed internet, rural communities are also unable to take advantage of the many economic opportunities available online. This could lead to a widening of the digital divide and result in a further economic disadvantage for rural populations.

High quality internet access is a crucial component of economic success, as it allows people to connect with job opportunities, education resources, and other essential services, while providing a platform for businesses to reach a global customer base. By providing rural areas with essential highspeed internet infrastructure, businesses and residents can benefit from the same opportunities as their urban counterparts. Businesses can remain competitive and residents can access needed services.

The Government of Alberta has taken steps in recent years to help close the digital divide in rural Alberta. This includes the creation of the Alberta Broadband Strategy in 2022 and subsequent Alberta Broadband Fund in 2023. While this is a good start, the RMA's research shows that rural Albertans continue to struggle with extremely slow connection speeds and there is much more work ahead in transforming the province into a leader in rural connectivity.

#### How to Approach this Issue Locally

Access to highspeed internet infrastructure in rural areas provides a level playing field; it gives everyone the same starting point regardless of location and creates opportunities to compete on a global scale. To highlight the need for rural investment, municipalities should emphasize to candidates the opportunities lost due to limited connectivity, and the need for candidates, if elected, to advocate for the development of infrastructure projects that will bring highspeed internet to rural areas, such as expanding existing networks or building new ones. They should also advocate for policies that will ensure equitable access to the internet for all.

Local candidates should be committed to investing in reliable, highspeed internet infrastructure. These candidates should understand the needs and challenges of rural communities. They should be prepared to advocate for the necessary investments and policy changes to ensure all rural areas have the same digital opportunities as their urban counterparts.

- Highspeed internet is vital for rural businesses and residents to engage in the digital economy.
- Many rural and remote areas do not have the population density to attract broadband services based on a business case. Therefore, it may be necessary for municipalities to partner with federal and provincial government agencies and industry groups to ensure their residents' needs are met.
- Highspeed internet is essential to rural community-building, as well as attracting qualified professionals and industry to rural and remote areas.

#### **Key Messages**

- Provincial funding support is necessary to ensure that our municipality has access to highspeed internet infrastructure, and that these areas do not fall behind in terms of technological advancements. If this funding did not exist, we would have to raise our residential tax rate by [X]% in order to pay for the infrastructure needed to bring highspeed internet to our municipality, as we have seen this play out in our municipality through [PROVIDE EXAMPLE].
- There have been many projects carried out in the municipality through provincial grant funds, including [LIST PROJECTS].
- Our municipality has invested \$[X] to help finance the development of highspeed internet infrastructure. The development of this infrastructure is crucial to supporting the [INSERT RELEVANT INDUSTRIES].

- RMA reports:
  - ♦ The MacKinnon Report: Many Questions, Few Answers
  - ♦ RMA Internet Speed Testing Project Summary Report
- Position statements:
  - Broadband and Connectivity
  - ♦ Municipal Service Delivery
  - ♦ Rural Economic Development

