



RMA
RURAL MUNICIPALITIES
of ALBERTA

Recognizing Rural:

RMA 2024 Provincial Budget Submission

January 2024



About the RMA

The RMA advocates on behalf of Alberta's rural municipalities. RMA's members consist of 63 municipal districts and counties, five specialized municipalities, and the Special Areas Board. While villages and small towns are spread across rural Alberta, these are considered urban municipalities and are not represented by the RMA. The RMA's 69 members have several common traits: large land masses, small populations, and a lack of a traditional "population center." RMA members provide municipal governance to approximately 85% of Alberta's land mass; Alberta is unique in Canada in that municipalities govern land throughout the entire province; from border to border.

This Submission

RMA's 2023 provincial budget submission is divided into four themes:

1. Rural Municipalities: Unique Challenges, Unique Contributions
2. Rural Municipal Infrastructure: Driving Economic Growth
3. Rural Community Services: Supporting One Another
4. Rural Health, Emergency, and Disaster Services: Safe and Caring Communities

Each theme will include background information, specific budget-related action items, target ministries, and an explanation of why it is important to rural municipalities. The intent of the submission is to provide government decision-makers with a combination of "big picture" rural municipal budget priorities along with specific recommendations for changes or enhancement related to existing programs or issues.

It is important to note that not all funding priority issues for RMA members are included in this submission. This represents a cross-section of the wide range of important budget-related issues that impact rural municipalities.

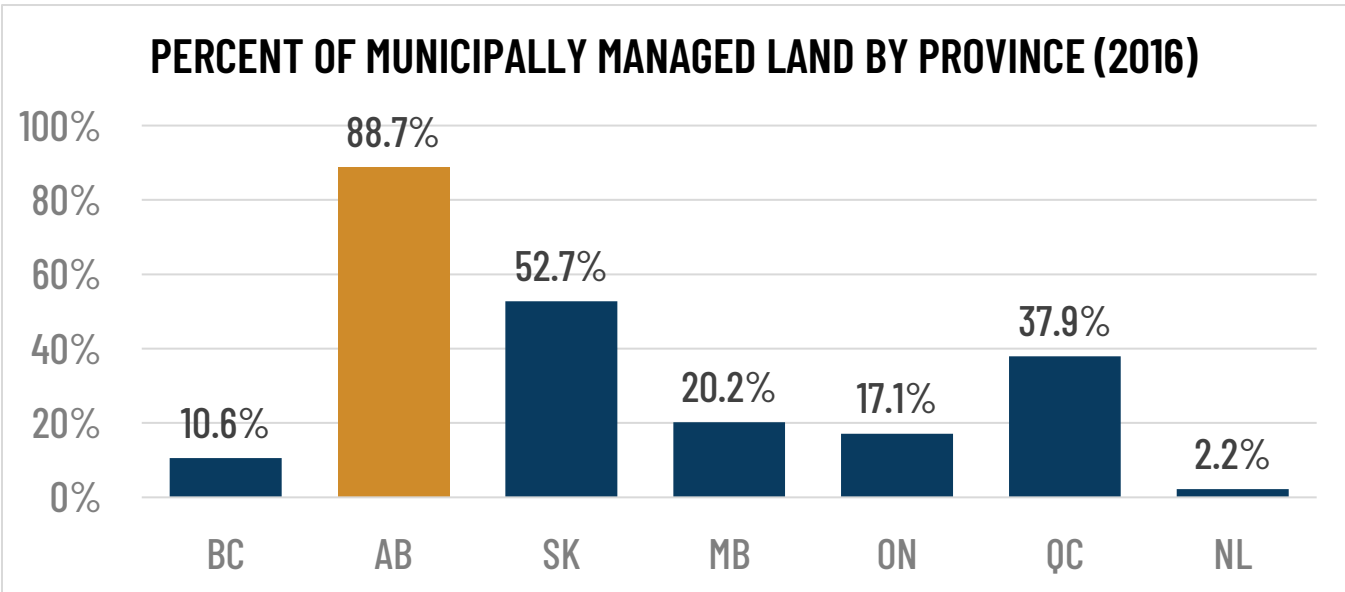
1. Rural Municipalities: Unique Challenges, Unique Contributions

While all municipalities in Alberta have similar tools, responsibilities and powers, Alberta’s rural municipalities are [unique in many ways](#), both within Alberta and compared to municipalities across Canada. This uniqueness is visible in nearly all areas of municipal responsibility and has a major impact on how rural municipalities provide services.

With an area of over 8,000 square kilometres, the average rural municipality in Alberta is over ten times as large as the average municipality in the next largest comparator province. However, this extremely large size does not equate to rural municipalities having a proportional share of the province’s population. RMA members cover approximately 85% of Alberta’s land mass but are home to only about 17% of Albertans. Additionally, Alberta’s rural municipalities host a disproportionately large amount of the province’s industrial development, particularly in resource-based industries such as oil and gas, agriculture, renewable energy and forestry.

These large sizes, low populations, and intensive industrial development create unique opportunities and challenges for rural municipalities. Not only do RMA members face high per capita costs in providing infrastructure and services to residents due to their dispersed population, but many of the services and infrastructure built and managed by rural municipalities are mainly or completely for industrial use.

This uniqueness is further exemplified when considering the overall amount of land that Alberta’s municipalities cover. As mentioned, rural municipalities provide local governance and services to roughly 85% of Alberta’s land mass. Aside from the extremely small maritime provinces, in no other province in Canada do municipalities cover more than 53% of the land mass (Saskatchewan). In fact, in many of the provinces commonly used as comparators to Alberta, municipalities cover significantly less land, as the graph below demonstrates.



This indicates that not only are individual Alberta rural municipalities large, but they cover areas of Alberta that would not be administered by municipalities in other provinces. These areas are in the far north of the province and are highly rural in nature. In other provinces, services in such areas are provided through regional bodies or directly by the provincial government due to the difficulties of providing municipal infrastructure and services to

isolated rural areas. In Alberta this is not the case, as municipalities are tasked with the unique challenge of supporting residents and industry in such areas with the same tools, responsibility, and limitations in place for municipalities throughout the province.

This means that per capita metrics often used to distribute funding and evaluate municipal performance in Alberta and other provinces are not relevant for Alberta’s rural municipalities; their costs are mainly driven by non-residential service users and influenced by the large areas of land that they cover.

To make funding and operational decisions that truly reflect the interests of the province as a whole, the Government of Alberta must apply a rural lens to their budget development process, as well as to the development of other grants and programs.

Action items

Action item	Importance	Lead Ministry(ies)
Develop a Government of Alberta-wide rural municipal lens and apply to all funding and programming decision, including future budget development.	Will allow financial and programming decisions to be evaluated based on impacts in all communities across Alberta.	Government-wide, with special involvement from Alberta Municipal Affairs

Why it is important

To effectively support municipalities of all types and sizes, the Government of Alberta cannot take a “one size fits all” approach to support local infrastructure and service delivery. Similarly, it is crucial that the Government of Alberta does not rely on overly simplistic per capita metrics to compare municipal finances both within the province and to municipalities elsewhere. Developing programs, policies and funding approaches that consider the unique needs, challenges and opportunities of rural municipalities, residents, and industry may require more upfront planning and consultation, but will ultimately lead to the more efficient and effective allocation of funding and development of policies and programs that reflect the priorities of rural areas.

2. Rural Municipal Infrastructure: Driving Economic Growth

Alberta’s municipalities play a huge role in supporting Alberta’s economy and creating thriving, livable communities. In fact, municipalities directly impact every Albertan and every business and industry sector daily through the provision of water and wastewater, roads and bridges, transit, recreation, and other services that are so fundamental to daily life that they are sometimes taken for granted.

Despite this, municipalities are often challenged to generate consistent and adequate revenue required to build infrastructure and deliver services that are vital to residents and industry. Whether it is relying on provincial grants that fluctuate from year to year, worrying about changes to property assessment or taxation, or taking on increased responsibility for the delivery of services not previously in their scope, many municipalities struggle to plan due to the uncertainty of how provincial decisions will impact their ability to operate.

Recently, the Government of Alberta finalized an allocation formula for the Local Government Fiscal Framework (LGFF), which will replace the Municipal Sustainability Initiative (MSI) as the primary provincially funded municipal capital grant in Alberta. While the LGFF will be helpful in supporting the infrastructure needs of both rural and urban municipalities, the overall funding reduction relative to historical MSI funding levels combined with the high weighting of population in the allocation formula means that for most rural municipalities, LGFF funding will fall well short of providing a meaningful contribution to infrastructure construction and maintenance costs.

Part of the reason that the LGFF and other capital grant programs fall short is that the Government of Alberta treats them as a subsidy to municipalities without considering the economic growth and investment generated by municipal infrastructure. This is particularly true in rural municipalities where roads, bridges and other capital investments are much more likely to support industrial growth, while associated population growth may be more visible in neighbouring urban municipalities.

Provincial recognition of the economic benefits of municipal infrastructure and the reality that in many cases rural municipal infrastructure exists specifically to support industry and resource development would lead to a completely different approach to funding infrastructure. While the time has passed to design the LGFF around these principles, there are opportunities to develop other provincial funding approaches that treat municipal infrastructure support as an investment, rather than a cost. This includes substantial increases to and expansion of the Strategic Transportation Infrastructure Program and water infrastructure funding programs, or the creation of new funding programs focused on municipal projects supporting industrial development.

Action items

Action item	Importance	Lead Ministry(ies)
Commit to enhanced, long-term Strategic Transportation Infrastructure Program (STIP) funding.	The STIP program provides (mainly rural) municipalities with crucial application-based funding for local road bridges, resource roads, and community airports. Since 2013, annual STIP funding has fluctuated between a low of \$0 and a high of \$43 million, with an annual average of about \$23 million. RMA members collectively manage over 14,000 bridges and culverts, many of which are nearing their end of life and providing crucial access to	Alberta Transportation and Economic Corridors

	<p>natural resources in industries such as oil and gas, forestry, and agriculture.</p> <p>RMA is currently undertaking an analysis of the rural municipal infrastructure deficit, including for bridges and culverts. RMA expects this work to be complete in the coming months at which time we would be pleased to work with Alberta Transportation and Economic Corridors to determine the adequate STIP funding amount necessary to close the existing bridge infrastructure gap and ensure rural bridges can continue to support Alberta's industrial growth.</p>	
Expand current grant programs and/or create new programs to support rural capital projects leading to industrial development.	<p>RMA members have expressed frustration with the lack of recognition for projects benefiting industrial development within current grant programs. This is most evident in the heavy weighting of population as an allocation factor in the LGFF, as well as the requirement that projects funded by the Alberta Municipal Water/Wastewater Program (AMWWP) must service residential water users. Rural municipalities frequently build or extend water/wastewater systems to accommodate new industrial developments that support investment and job creation in the province.</p> <p>Expanding or redefining eligibility for existing grant programs such as STIP or the AMWWP, or creating a new program aimed specifically at rural infrastructure projects intended to support industrial development would help to level the grant-funding playing field between urban projects, more directly linked to residential growth, and rural projects, often focused on industrial growth.</p>	Alberta Treasury Board and Finance, Alberta Municipal Affairs, Alberta Transportation and Economic Corridors
Develop a standalone grant program to support rural municipalities in taking on infrastructure deficits following a dissolution.	<p>As many small urban municipalities face downloading, population reductions, and struggles in attracting new industry, viability reviews and dissolutions are becoming increasingly common. While the current viability review process focuses on the dissolving urban municipality, RMA is advocating for an enhanced focus on ensuring rural municipalities are properly supported in taking on infrastructure deficits inherited from dissolved urban municipalities – deficits which they had no role in creating.</p> <p>Currently, municipalities can apply for transitional funding from the Alberta Community Partnership after absorbing a dissolved municipality. Based on RMA's research, this funding is inadequate as rural municipalities regularly inherit multi-million dollar</p>	Alberta Municipal Affairs

	<p>infrastructure deficits, often linked to obsolete or non-functional underground infrastructure such as water and wastewater systems.</p> <p>Creating a grant program in which absorbing municipalities can partner with the province to determine and address the full immediate and long-term costs associated with infrastructure in the dissolved municipality will greatly reduce the risk that absorbing an infrastructure deficit will push a rural municipality into a viability risk, or require major service level reductions or tax increases.</p>	
Ensure that development of trade and utility corridors recognizes and funds rural municipal infrastructure at a level that reflects its role in moving Alberta's resources to market.	In recent years, the Government of Alberta has signaled an intent to develop trade and utility corridors to support increased interprovincial movement of natural resources and energy. RMA is supportive of this work, but any designated funding and development of trade corridors must recognize that in nearly all cases, rural municipal infrastructure is the first link in nationwide or even international supply chains for Alberta's resources.	Alberta Transportation and Economic Corridors

Why it is important

Municipalities in Alberta play a larger role in managing infrastructure than those in any other Canadian province. This is especially true of rural municipalities, that manage massive road and bridge networks with tremendous economic value but located in isolated areas.

Using Budget 2024 as the first step in re-envisioning provincial support for infrastructure as an investment rather than a cost and recognizing the importance of capital projects that support industrial development will go a long way towards ensuring rural Alberta can continue to serve as Canada's economic engine.

3. Rural Community Services: Supporting One Another

While rural Alberta drives the province’s economy, rural communities are foundational to Alberta’s past, present and future. Because only approximately 18% of Alberta’s population live in rural communities, providing social and community services that may be easily accessible in cities, towns and villages can be challenging. Rural Alberta is characterized by dispersed populations and small hamlets or villages. As a result, rural residents typically accept that some services will not be readily available and may require more travel.

Despite these differences, rural municipalities have faced increasing pressures in recent years to either directly provide or supplement services previously offered or funded by the Government of Alberta. This has placed additional fiscal pressure on municipalities, led to difficult decisions related to service levels and balancing capital and operating funding priorities, and in some cases has led to viability challenges for rural communities.

A great example of emerging provincial social service gaps that have impacted rural residents and municipalities relates to an increase in the use of virtual and telephone-based crisis support as a replacement for in-person service in rural communities. According to a [recent report](#) developed by RMA and University of Alberta Centre for Sustainable Rural Communities (ACSRC), the withdrawal of in-person provincial social support services in rural areas had had fiscal impacts on municipalities in the form of increasing their financial commitment to Family and Community Support Services (FCSS). FCSS offices are not designed to address crisis situations, but are often the only local in-person resource available. This trend has impacted municipalities, many of which have had no choice but to increase their funding allocation to FCSS services, even as the provincial contribution remains unchanged. It has also impacted frontline FCSS staff who describe themselves as overworked and unable to focus on the proactive programming that they are mandated to deliver, and rural Albertans facing mental health or social challenges, who are less able to access provincial support and programming due to complex and impersonal virtual platforms.

While this is just one example, municipalities and rural non-profits are facing similar challenges in areas such as affordable housing and homelessness, addictions, victims services, community halls, and others. Similar to municipal infrastructure, provincial support for rural community services is an investment in rural viability and must be treated as such.

Action items

Action item	Importance	Lead Ministry(ies)
Increase FCSS funding amounts to ensure adequate FCSS service availability across Alberta	The FCSS funding model is based on a legislated 80/20 provincial/municipal cost-share. However, because provincial funding for FCSS was stagnant at \$100 million from 2015 to 2023 (with a slight increase to \$105 million in budget 2023), many municipalities have had no choice but to contribute well above their 20% required share to ensure FCSS remains viable in their community. Not only have operational costs increased due to inflation, they have also increased due to the need for FCSS to fill gaps left by declining provincial social service levels in rural communities.	Alberta Seniors, Community and Social Services

	<p>According to the RMA/ACSRC report, 63% of municipalities contribute more than their required 20% of local FCSS funding, with many contributing over 35% of FCSS costs. This results in municipalities being forced to make tough decisions to redirect budget from other services or projects to cover rising FCSS operational costs not addressed by the province.</p> <p>At minimum, provincial FCSS funding should increase to \$121 million to keep pace with inflation since its last major increase to \$100 million, in 2015. Ideally, the province should work with municipalities and FCSS providers to better understand the new cost and service pressures facing rural FCSS and design funding levels to address those moving forward.</p>	
Enhance provincial capital support for seniors lodges	<p>Seniors lodges, typically operated by local non-profit housing societies, rely on a combination of provincial funding, municipal requisitions, and fundraising to raise funding required to remain operational.</p> <p>Since 2018, funding amounts for the primary provincial support program for seniors lodges (Lodge Assistance Program) have stagnated at \$18.5 million. This has resulted in inflationary pressures and increasing capital and maintenance costs as lodges age, most of which are being passed on to municipalities through increased requisitions. Much like the FCSS issue above, this results in municipalities having no choice but to reduce service levels in other areas or defer capital projects to support seniors housing in their communities beyond their mandated share.</p>	Alberta Seniors, Community and Social Services
Restructure the Affordable Housing Partnership Program funding model to better balance provincial and municipal commitments, and invest in the development of modular engineering designs for affordable housing facilities.	<p>While the Affordable Housing Partnership Program (AHPP) is highly valuable to supporting the development of affordable housing across Alberta, the current AHPP structure requires municipalities to make significant financial investments to a project before grant funding is confirmed. This not only increases fiscal pressure on municipalities, it also creates community expectations for project development prior to funding being confirmed. This impacts strategic planning and places the municipality in a difficult position if provincial funding is not approved.</p> <p>Budget 2024 should invest additional funds into the AHPP to support applicants in absorbing upfront design and engineering costs of projects after an initial pre-approval. This would increase the likelihood of project success and</p>	Alberta Seniors, Community and Social Services

	<p>reduce pressure on municipalities to commit to projects that are not yet fully funded.</p> <p>The province should also invest in the development of standardized designs for modular affordable housing facilities. This would reduce local project costs and ensure that new affordable housing projects feature design elements that key stakeholders deem important. Standardized design approaches to public facilities have a history in Alberta, and investing in this approach for affordable housing will result in significant local and provincial savings in the long-term.</p>	
Restore grants in-lieu-of taxes for housing units operated by public housing management bodies	<p>Public housing management bodies are exempt from paying municipal property taxes. Until 2015, the Government of Alberta provided municipalities with grants in-lieu-of taxes for such units. Since this practice was discontinued, municipalities have lost approximately \$16 million each year. Making up this revenue shortfall has forced municipalities to increase property tax rates for other property types or reduce services. Municipalities already make significant contributions to affordable housing, and restoring grants-in-lieu of taxes would signal an increased commitment on the part of the province.</p>	Alberta Seniors, Community and Social Services
Halt the regionalization of victim services and properly fund local victim services agencies.	<p>Victim services is crucial to supporting Albertans in times of great need and vulnerability. For decades, Alberta's unique locally-governed and volunteer-based victim services model has allowed support to be delivered in a manner that meets local community needs.</p> <p>Despite this, the Government of Alberta is currently in the process of replacing the local model with a regionalized structure under more direct provincial oversight. While the issues with this approach are beyond the scope of this submission, the local victim services model has a well-documented history of provincial under-funding, despite having access to a specific funding source (the Victims of Crime Fund). Rather than use revenue from the fund to support victim services (one of its few legislatively-directed purposes), the Government of Alberta allowed the fund to grow a large surplus while local victims service agencies rely heavily on fundraising to remain operational.</p> <p>While some local victim service programs face governance and service delivery struggles, many of these could be solved by a proper provincial investment in the</p>	Alberta Public Safety and Emergency Services

	<p>program using funds already available. This would be much less costly than the creation of a completely new model and would allow the province to support enhanced capacity among local service providers that are struggling.</p>	
Invest in local solutions to rural homelessness, mental health, and addictions challenges	<p>In 2022, the Government of Alberta provided nearly \$200 million to help address issues related to homelessness, mental health and addictions in Alberta’s large urban centers. While this funding is warranted, the focus on urban funding reflects a larger challenge faced by rural communities across Alberta: “proving” that they face similar challenges, even though they are often less visible.</p> <p>Due to dispersed populations in rural areas, it is often much more difficult to quantify social issues, and to provide services in a cost-effective manner. As a result, many rural Albertans struggling with these issues either “fall through the cracks” or require rural service providers (such as FCSS) to offer supports outside of their mandates.</p> <p>Providing rural communities with one-time funding similar to that allocated to large cities in 2022 would be transformative; it would allow rural municipalities and non-profits to build capacity and conduct research to better understand where needs exist. Such funding should be allocated based on priorities determined through collaboration between the province and rural municipalities and non-profits.</p>	Alberta Seniors, Community and Social Services

Why it is important

Living in a rural community has many rewards, but also many challenges. While it is a fact of life that some services will be less accessible in rural areas than in urban areas, rural Albertans deserve to know that supports will be available in times of need. This is not only important to those already in rural communities, but is also linked to attracting new rural investment.

4. Rural Health, Emergency, and Disaster Services: Safe and Caring Communities

The presence of hospitals, primary care facilities and emergency services in rural communities provides more than just health benefits. These services grow communities by attracting new residents, stimulating economic growth and providing opportunities to educate the new generation of health care professionals.

Despite this, accessing quality health care in rural Alberta presents challenges to both municipalities and residents. These challenges stem from lack of funding, retention and recruitment of healthcare professionals, as well as a healthcare system not designed for rural communities.

Similarly, rural EMS has been drastically insufficient in recent years under the current model. Wait times for ambulance services have increased in rural and remote communities, which compromises access to care for rural Albertans. Although the recommendations made by the [Alberta EMS Advisory Committee](#) have promise, much work and investment is required to implement them.

RMA is cautiously optimistic that the bold provincial proposal to restructure health care service delivery around four pillars, with increased regional decision-making, will lead to improved healthcare outcomes in rural Alberta. However, regardless of governance and administrative structures, adequate resourcing is the key determining factor in whether rural Albertans can access quality health and emergency services.

It is also important to consider that rural municipalities play a major role in providing health care in a variety of ways that meet local needs. Examples include municipal ownership of clinic facilities, municipal firefighters serving as medical first responders, municipal incentives to recruit and retain health care professionals, and many others. For this reason, health and emergency services are not only a rural community issue; they are a rural municipal issue.

In addition to healthcare and EMS, provincewide wildfires in 2023 exposed the vulnerabilities and gaps in the province’s disaster response and recovery systems. Budget 2024 is an opportunity for the Government of Alberta to demonstrate their commitment to being a leader in protecting Alberta residents and industries from disaster risk through adequate resources and capacity.

Action items

Action item	Importance	Lead Ministry(ies)
Provide compensation to municipalities for providing Medical First Responder (MFR) services	<p>In many rural communities, ambulance coverage is limited. As a result, municipal firefighters (including volunteers in some cases) often respond to health events or accidents to assist victims before an ambulance arrives. This response requires special training and an MFR designation, which requires significant investments on the part of municipalities.</p> <p>As municipal MFRs fill gaps created by poor rural EMS coverage, the current lack of provincial support is essentially a download. Providing compensation for instances in which municipal MFRs assist ambulance</p>	Alberta Health

	responses would not only be fairer to municipalities, it would also encourage more municipalities to invest in MFR designations, enhancing community safety across Alberta.	
Develop a grant for municipalities to offset costs of responding to emergencies on Crown land	Many rural municipalities have significant Crown land within their boundaries, including provincial parks and recreation areas. Rural municipalities frequently respond to calls for emergency assistance on Crown lands, which results in significant costs. Despite this, municipalities receive no share of revenues generated from Crown lands, including for recreational use. Developing a grant to provide municipalities with compensation to offset Crown land emergency response costs would better reflect the important role of local first responders in supporting safe recreational experiences.	Alberta Public Safety and Emergency Services
Enhance funding for homecare to allow both urban and rural Albertans to age in their homes and communities	<p>While Alberta's overall population is among the youngest in Canada, rural Alberta's population is aging, resulting in an increased need for both home- and facility-based seniors care in rural communities.</p> <p>RMA members have identified challenges with funding for homecare, as provincial spending in this area has not kept pace with inflation and population growth in recent years.</p> <p>With required care spaces expected to nearly double between 2020 and 2030 (based on a 2021 MNP report), ensuring as many care recipients as possible remain in their homes will provide long-term financial benefits to the province and municipalities.</p>	Alberta Health, Alberta Seniors, Community and Housing
Implement an operational funding model for the provision of hospice care	While the Government of Alberta has expended significant funding and effort into improving hospice care in the form of a four-year, \$20 million commitment to transitioning from hospital- to community-based care between 2018 and 2022, local hospice societies now face more responsibility without subsequent increases in operational funding. To ensure that the work undertaken by government and stakeholders results in a sustainable home-based hospice care model, the Government of Alberta must commit to operational funding for non-profit hospice care societies.	Alberta Health, Alberta Seniors, Community and Housing
Reverse recent changes to require municipalities to absorb 10% of Disaster	In 2021, the Government of Alberta introduced a 90/10 provincial/municipal cost share for claims made under the DRP. DRP funding is used to offset sudden and significant costs incurred by municipalities related to	Alberta Public Safety and Emergency Services

Recovery Program (DRP) costs	<p>responding to natural disasters. As the occurrence and severity of disasters are impossible to predict, municipalities often face extreme costs well beyond their internal budgets. In response to the 2023 provincewide wildfires, several municipalities faced DRP-eligible response costs in excess of \$10 million.</p> <p>For municipalities, an unexpected expense of \$1 million or more (as is the case under the current DRP cost-share structure) is extremely impactful and would divert local revenues from existing services, planned infrastructure investments, or even from planned disaster mitigation and recovery initiatives.</p> <p>Municipalities are not responsible for where or when disasters occur and should not be expected to absorb response costs, when many simply lack the capacity to do so.</p>	
Enhance investments in wildfire response capacity and develop a resourcing strategy for responding to wildfires outside the Forest Protection Area (FPA)	<p>The 2023 provincewide wildfires showed that Alberta's wildfire response resourcing and capacity is poorly equipped to address wildfires that require provincial equipment to move frequently across the province. RMA members reported instances of provincial spray planes not being ready for service as wildfires intensified, and of inconsistent provincial decision-making on how to allocate equipment. While these issues require a review of provincial emergency management and decision-making, they also point to a shortage of provincial resources needed to keep Albertans safe in an increasingly hot and dry world.</p> <p>RMA is also concerned that resource limitations resulted in inadequate provincial support for communities facing wildfire threats outside of the FPA. While the Government of Alberta has a different relationship with FPA land and non-FPA land, adequate resourcing should allow timely response to be available for communities facing an imminent threat regardless of where in the province they are located.</p>	Alberta Public Safety and Emergency Services

Why it is important

All Albertans deserve a safe and healthy community. While living in rural Alberta poses unique challenges, there are many areas, including those above, in which enhanced provincial investments could make a tremendous difference in how rural Albertans access health services, and their safety in times of accident, emergency, or disaster.