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ALBERTA: MUNICIPAL SYSTEM OVERVIEW

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Municipal government in Alberta, as in most of Canada, has experienced substantial change and reform in recent years.¹ Alberta led some of those reforms with its “new” *Municipal Government Act* (1994) and, if not leading, the province certainly was on the wave with the financial cutbacks it imposed on the municipal sector during the 1990s. The changes occurring today, notably in municipal finance, are likely unique to the province. The recent changes are themselves interesting to analyze and particularly because they demonstrate the multi-level (predominately, but not exclusively, provincial-local) nature of local governance in Canada.

This paper is an expanded version of a chapter that will appear in an edited volume of essays that provides an overview of all Canada’s provincial municipal systems (LeSage and McMillan 2008, forthcoming). This paper surveys the municipal government system in Alberta with attention to its components, configuration, character and major issues. It also provides selective accounts of historical developments for purposes of establishing contexts for descriptions and analysis. The Western Centre for Economic Research has graciously agreed to publish this paper understanding that it contains significant amounts of information and insights over and above the contents of the chapter. This publication provides a link to past literature, most particularly Jack Masson’s comprehensive monograph in Alberta local government (Masson 1994), and serves to update certain sections of that significant contribution to the study of municipal government. However, portions of this paper (especially the municipal finance commentary) are more analytically incisive than Masson’s treatment and stand as something new and different.

Since reforms to the Alberta municipal system have continued at pace over the period in which the paper was researched, written and readied for publication, and available financial and other data often are not uniformly up-to-date, the operational definition of “present” is necessarily elastic. Descriptions of major system components, legislation, interview findings and most observations on policy challenges and issues were written in late 2005 and early-mid 2006. Economic and population data were drawn from the most recent sources available at that time. Although mid-2006 is the nominal “cut off” point for this study, we have added just prior to publication new text addressing a limited number of subsequent developments that appear to bear significantly on the Alberta municipal system or require attention in light of our reporting and commentary.

We begin with an introduction to the Alberta municipal system. A review of the authority and functions of municipal government in Alberta follows. Municipal finances are examined next. Democratic institutions and processes (e.g., elections, public participation) are then analyzed. The nature of provincial-local relations is the next topic. Municipal administration is the final subject. In the concluding section, we contemplate selected issues and offer commentary on these with attention to prospects for reforms, system actor behaviour, and future prognoses. Like the Alberta municipal system, we come to no firm conclusion.

¹ See Garcea and LeSage (2005), LeSage (2005), LeSage and McMillan (2008, forthcoming), Sancton and Young (2008, forthcoming), and Garcea and LeSage (2008, forthcoming) for surveys of reform and change to the Canadian and Alberta municipal systems.

Growing into the new millennium, and now into its second century, the Province of Alberta is once again economically buoyant, drawing large numbers of Canadians and immigrants to its cities and towns, and building furiously after an economic bust that began in the early 1980s and ran over a decade. Boom and bust have been the economic signature of the province since its territorial days, and although its economic structure has diversified and become more complex, and perhaps mature, Alberta remains vulnerable to pronounced swings of fortune that are determined by forces outside its border. Alberta governments are well aware of this history and Tory governments (1971-today) have adopted very different strategic approaches over their many years of continuous rule to foster the creation of wealth while concomitantly seeking to fortify the treasury and economy against dramatic reversals. During the Lougheed premiership (1971-1985) there were concerted efforts to province-build and with this create new institutions or renovate old ones in the name of modernity and establish a place for the new Alberta on the national stage. Thus, the province paid great attention to the development of its own administrative capacity to control, guide and aid the local authorities. Where largesse existed, the province shared it and it also lightened the financial burden of municipalities. Little in the way of structural change was introduced to the system, in part owing to reforms of the post-war Social Credit era in which the rural municipal system had been significantly consolidated and some success was achieved in consolidating the municipal structures of the two largest urban regions.² If there were innovations to the system they were aimed at strengthening selected processes and to providing financial relief or assistance.

With the significant reversal of international energy prices in the 1980s, the Getty premiership (1985-1993) began what would be a long provincial disengagement from the municipal sector. While not abandoning municipalities, the government ceased to build its own bureaucracy, and generally lessened provincial guidance and aid to municipalities. Its principal commitment to municipalities, and its legacy, was a draft of a new type of municipal legislation that would permit municipalities to act with greater independence and to be eased from the controlling grip of provincial institutions. During the Getty years, the province also began to work earnestly to divest itself of quasi-municipal responsibilities.

Ralph Klein's early premiership took the Getty programme much further since Klein won his first election on a campaign of fiscal stringency and discipline, and an ideological call to lighten the hand of provincial government on all things. These innovations are discussed in detail in this paper but it is appropriate to note that the Klein administration provided municipalities with the Getty-era legislation while slashing its bureaucratic and financial support to the municipal sector.³ Municipalities were consequently freer but, unevenly, poorer.

At the turn of the millennium, and with the arrival of the new prosperity, the provincial government's engagement of the municipal sector increased. However, the foundation of this relationship and the contents of its political discourse and policy initiatives were significantly influenced by the legacy of the disengagement years. If there

² See Masson (1994) and Hanson (1956) for broader and more complete discussion of Social Credit era reform.

³ For extensive academic commentary on the early Klein government's financial retrenchment see Bruce et al. (1997), and Harrison and Laxer (1995).

was a byline on the municipal side of the turn of the century provincial-municipal discourse, it was that municipalities had paid enough and did enough to aid the province in righting its financial house. But the discourse and new politics of the municipal system and municipalities was not only about finances, since a host of matters relating to roles and responsibilities, collaboration, and institutional arrangements were all pressing for attention.

Beginning in 2001, the first of two broad provincial-municipal policy dialogues was launched in an effort to address the growing agenda of unresolved issues. The Minister's Provincial/Municipal Council on Roles and Responsibilities, examined roles, responsibility and resource issues (3Rs), but the exercise petered out with relatively little to show for itself save a large provincial budget commitment that would begin to address the commonly agreed upon problem of poorly funded infrastructure. A second, similar dialogue initiative was launched in late 2005 involving the same municipal sector representatives at the table. The Minister's Council on Municipal Sustainability was putatively established as a venue to address municipal sustainability issues, but by political necessity pretty much addressed the same agenda of issues examined in the 3Rs initiative.

A host of interacting circumstances promote changes in political and administrative direction. Among these are changes of political parties and – what is more the norm in Alberta – changes of political leaders. Such changes bring new discussants to the table as well as new reform agendas, problem perceptions and political capital. With the ruling Conservative's selection of Ed Stelmach as their new leader in November 2006, and his assumption of the premiership in December, the next chapter of Alberta provincial-municipal relations is opening.

Premier Stelmach and his new minister of Municipal Affairs and Housing inherited the Minister's Council on Municipal Sustainability (MCMS). The MCMS submitted its report to the minister in March 2007, and the government provided a formal reply in July 2007.

The MCMS made 12 major recommendations focusing on provincial and municipal roles and responsibilities, new municipal revenues, and inter-municipal relationships including issues concerning land use planning and growth management, dispute resolution and regional services delivery (Minister's Council on Municipal Sustainability, 2007). In its official response the government agreed in principle to seven the recommendations, rejected two, and reserved judgment on five (Alberta Municipal Affairs and Housing, 2007). MCMS recommendations accepted by the government included a land use planning and growth management policy model that is based on the principle of different solutions for different circumstances. New regional planning and service delivery entities for the metropolitan regions were proposed within this scheme and the government acknowledged their necessity, underscoring the point by launching an initiative that would result in the creation of a regional planning and service delivery regime in the Capital Region.

The province accepted the MCMS's recommendation that several difficult (and yet to be fully resolved) shared role and responsibility issues should be addressed. It also accepted the recommendation that municipalities should receive substantially more provincial money to combat the so-called infrastructure deficit and the challenges presented by the robust economy, and provisionally committed over \$11 billion over the next ten years to deal with these matters.

These commitments and others suggest a new era in provincial-municipal relations in which the provincial government is more attentive to, and engaged in, municipal policy issues. However, it remains that the new premier's agenda is only beginning to emerge. Indeed, MCMS recommendations rejected or held in reserve by the government may say as much about future municipal policy direction as those that have been accepted. The government did not accept the MCMS recommendation that the current alignment of current municipal and provincial roles and responsibilities *should not be* realigned, and it did not accept the recommendation that the concept of 'economic rent' and resource royalty rates should include prospective costs incurred by municipal governments in supporting resource development. The government also did not accept the companion MCMS proposal that municipalities should be provided with powers to raise revenues directly from resource developers, nor did it take up the suggestion (not a recommendation) that a long-term agreement should be signed between the province and municipalities to ensure a stable funding and policy framework. Still, on the strength of its efforts to provide significant new infrastructure funding, acceptance of several significant MCMS proposals and its comparatively energetic efforts to bring order to the tempests of Capital Region land use planning and inter-municipal relations, the Stelmach government has already distinguished itself from the desultory Klein years.

Structure of the Municipal System

It is proper to characterize the present system as rational and passably suitable to current circumstances, notwithstanding a number of confounding issues. As innovators in administrative affairs in general, and municipal affairs in particular, Alberta provincial governments have periodically led other Canadian jurisdictions, although this leadership has been inconsistent and uneven. In recent times the province has eschewed all but the modest structural reforms to the municipal system. The significant remaking of the *Alberta Municipal Government Act* was precedent setting, but in the decade that has followed, the structure of the municipal system and the nature of municipal politics and public administration have not been profoundly affected by the new act or, for that matter, by governmental action. Whether this conservative approach reflects a philosophical penchant or something else is a matter that will be considered in a subsequent section of this paper. Despite the absence of sweeping structural reforms, the Alberta municipal structure continues to evolve with new flexible forms being created on the margin, and perhaps out of necessity, sclerotic forms being retired. These novel structural arrangements grapple with unique problems tied most particularly to rapid growth and economic decline.

Economic efficacy and municipal viability have been considerations that have promoted reform of the municipal system, but the last sweeping efficiency-related provincial restructuring of the system occurred between five and six decades ago with the consolidation of municipal districts, the creation of the Alberta county, and parallel efforts to reduce the number of improvement districts. Indeed, despite the Social Credit initiatives of the 1940s that played out through to the 1960s, the hallmark of 35 years of Social Credit rule followed now by 35 years and counting of Tory rule has been a *laissez faire* approach to restructuring. To be sure, Calgary, Edmonton and the other large urban authorities were extended considerable provincial support in annexation initiatives

although, in Edmonton's case, not always. What has not occurred in living memory is whole system restructuring of the system through consolidation in ways seen east of Manitoba and internationally. Leaving the municipal system's structure intact has not been a policy choice solely restricted to Alberta, since all of Canada's western provinces eschewed major system restructuring.⁴ However, unlike its sister Prairie Provinces, even calls for system-wide restructuring, much less widespread and energetic initiatives to reform structure, have been absent from the political agenda.

Structural Components of the Municipal System

The present Alberta municipal system comprises a limited number of municipality types. These are formally divided into four urban classifications (cities, towns, villages, and summer villages), one rural classification (municipal districts), and a special form (specialized municipality). There are additionally three quasi-municipal forms (Improvement Districts, Special Areas, Hamlets), and an allied form (Métis Settlements) that is not formally part of the municipal system. The Alberta municipal system also features many agencies, board, commissions and committees.

Under the *Municipal Government Act* (MGA), the distinction between urban and rural jurisdictions is defined by a simple criterion qualified by additional population requirements: urban authorities are municipalities that may be formed for an area in which a majority of the buildings used as dwellings are on parcels of land with an area of less than 1850 square metres. Rural authorities are those in which a majority of buildings used as dwellings are located on parcels of land of at least 1850 square metres (s. 78). The "specialized municipality" is exempt from this scheme, being something other than an urban or rural municipality.

One point of confusion for the casual observer of the Alberta municipal system is the distinction between the formal classification of an authority and the name of the incorporation. While most urban authorities display their classification in their formal corporate name, there are exceptions: Alberta Beach is a village; the Municipality of Crowsnest Pass is a town; the Municipality of Jasper is a specialized municipality as are the Regional Municipality of Wood Buffalo, Strathcona County and the Municipal District of McKenize, No. 23. Perhaps the greatest point of confusion rests with the "county" nomenclature that is found in 43 of the 65 rural municipalities' official corporate names. Alberta counties were eliminated as a municipal classification with the passage of the *Municipal Government Act* (1994), however almost all rural authorities possessing "county" in their corporate names retained them even though their formal status became that of municipal district.

⁴ For a discussion of structural reforms in other western provinces see Smith and Stewart (2005), Garcea (2005), and Leo and Piel (2005).

Urban Municipalities

The MGA specifies that a city may be formed for an area in which there is a population of 10,000 or more. There are 16 Alberta cities ranging in population from Calgary (933,495) to Cold Lake (11,595).⁵ Over half the provincial population lives in the two largest cities (52.4 percent), and roughly two-thirds of the Alberta population lives in municipalities classified as cities (2,018,010). Thus, against common perception, Alberta is one of the nation's most urbanized provinces (Canada West Foundation, 2000). Over the past 20 years, the population of Alberta cities has grown significantly; consider, in 1985 the population in cities was 1,524,630.⁶

City status confers a few advantages. Perhaps most noteworthy are those tied to grant formulas for authorities in this classification, but since these formulas change over time and provincial grant administrators make distinctions within the city classification (most notably distinguishing Calgary and Edmonton from the others), city status *per se* does not appear to be especially significant.⁷ The relative insignificance of city status may explain much about the fact that very few municipalities have sought city status over the past 20 years; in fact, the number of cities remains the same although the list of municipalities possessing city status does not.⁸

When compared with other Canadian municipal authorities similarly named, Alberta cities are not novel in their structural features with one exception. Lloydminster is a unique municipal construction that straddles the Alberta-Saskatchewan border (its main street was laid on the 4th Meridian which would become the border between the provinces). For several decades there existed separate executives and administrators operating under different provincial statutes for what otherwise would be a rural town. However, in 1930 the provinces coordinated their efforts to produce a charter that permitted the municipality to operate as a single governmental entity. This arrangement remains, giving Lloydminster status as the only Alberta municipality to operate under a charter (Masson, 1994: 93-94).

There are presently 109 towns in Alberta. An Alberta town can be formed with a population of more 1,000 or more while also meeting the density criterion. A municipality can exist as a town and possess more than 10,000 population, and a few do exceed this threshold (six in 2004). Most of these are high growth bedroom municipalities situated in the Calgary or Edmonton CMAs, although some also exist in selected other economic hotspots (e.g., Wood Buffalo, Grande Prairie, Brooks). The number of towns has barely grown over the past 20 years; there were 108 towns in 1985. That year, the

⁵ See <http://www.municipalaffairs.gov.ab.ca/cfml/profiles/index.cfm>. Post 2001 census population statistics (2004) are derived from submissions made to Alberta Municipal Affairs by municipalities. These are not official population statistics but are suitable for the present analysis.

⁶ All 1985 municipal classification population statistics are drawn from Walchuk (1987).

⁷ Cities and towns are able to hold shares of Alberta Municipal Finance Corporation stock over and above those available to other municipalities. However the allotment available to cities is the same as that available to towns, albeit the class of stock differs.

⁸ One city on the 1985 list, Drumheller, reverted to town status within a special arrangement discussed below, and the province's fastest growing city (Fort McMurray), opted for specialized municipality status. Another logical pretender to city status, the "hamlet" of Sherwood Park, is now an urban service area embedded in the Strathcona County specialized municipality. Only the towns of Brooks and Cold Lake adopted city status since 1986. Admittedly, the static number of cities would look a little different if 1984 is used as a benchmark since in 1985 and 1986 three towns (Airdie, Fort Saskatchewan, Spruce Grove) became cities.

total population of these authorities was 304,807. The population increase of these authorities has kept pace with that in the cities, with the 409,221 total in 2004.

The modal population of Alberta towns is 2,288 (Crossfield) and the average is 3,553.⁹ The provincial government treats municipalities within the town classification differently in many matters. For example, in 2004, and after a long incubation, a new provincial policy was announced for municipal policing. Under this scheme, urban municipalities under 5,000 would receive provincial funding to cover all policing costs (a population criterion raised from the previous under 2,500 threshold). Urban authorities would receive provincial grants based on differential formulas using 5,000 to 19,999, 20,000 to 99,999, and a category comprising Edmonton and Calgary as policy 'cut points' for the differential funding formula.¹⁰ Obviously, the formal jurisdictional categories were not considered in this formulation. The formulas split the town category and also split the city category. Similarly, and by further example, 82 towns, villages, and summer villages, and 18 rural municipalities received a total of \$4.9 million in unconditional grants in early 2005, with \$2.7 million of these funds going to the urban municipalities. The funds were based on formulas that targeted municipalities most in need of financial assistance.¹¹ Again, in these and other matters, the statutory classifications appear to have little meaning.

The spatial character of two towns deserves a special note. The Municipality of Crowsnest Pass represents a unique effort in modern Alberta to create a regional municipality through amalgamating several small urban and a rural municipality. This experiment predated New Brunswick's Miramichi experiment and in many ways has resulted in similar outcomes with old rivalries simply brought under the same council roof – and not necessarily to good effect (Vojnovic, 1998). The Town of Drumheller is organized according to a similar concept, although with one urban centre existing within a larger rural precinct. What is most significant about these Alberta efforts is the absence of their ilk. Although, as will be seen, the recently innovated Specialized Municipality classification exists principally as a structural device to foster consolidation of urban and rural areas, and success with this form may promote additional consolidations of urban and rural entities.

Villages are small urban municipalities with a population of 300 or more. There were 102 of them with a total population of 40,476 in 2004. In 1985 there were 122 villages, indicating a modest amount of dissolution. Although the current minimum population number for a village is 300, roughly 40 percent of the existing 102 villages report populations under this minimum. The average population of Alberta villages is 398. Only one village, Irricana, exceeds the 1,000-population requirement for town status.

With the proclamation of the 1994 *Municipal Government Act*, no new summer villages could be constituted. However, unlike the "county", or of the "new town" classification, summer villages remain recognized as a category in the legislation (s. 89 [1]). There are presently 51 summer villages with a total population of 4,015. These authorities were established to provide a democratic structure for supplying municipal

⁹ The smallest town's population is 466 while the largest is 12,866 according to the 2004 Municipal Affairs Population List (Alberta Municipal Affairs, 2004).

¹⁰ See text pursuant to Question 6, "AUMA Questions re: Budget 2005", 2-3. At: www.munilink.net/communications/newsReleases/2005/041405BudgetQuestions.pdf

¹¹ See Alberta Municipal Affairs News release, "Municipalities receive \$5 million to help meet local needs," March 30, 2005.

services and local lawmaking. Owing to their unique character as seasonal communities, special provisions apply to their governance and administration and, in fact, electoral enfranchisement. Despite the province's curtailment of the creation of any new summer villages, the total number of summer villages remains essentially the same as reported in 1985 (Walchuk 1985, 46). Reasons for the elimination of summer villages have never been formally published but from Masson it is clear that rural municipalities were concerned that their formation would diminish revenue with the loss of assessments and grants (Masson, 1994: 90). Moreover, other small "urban" municipalities questioned (and continue to question) provincial grants to these authorities notwithstanding the fact that in recent times the amounts of provincial expenditures have been decidedly modest.

The specialized municipality is a new and unique classification introduced within the 1994 MGA. It is, as the name implies, special. Section 83 of the Act allows the minister to establish a specialized municipality when no other classification of government appears to meet the needs of the local population. This can be done without resorting to a special act of the legislature. The specialized municipality form allows for novel combinations of responsibilities and special institutional arrangements to promote good government. Thus, although discussed within this presentation of urban forms, the specialized municipality can be applied to hybrid urban-rural arrangements – indeed, this is precisely the character of the four authorities that exist under section 83: Strathcona County, the Regional Municipal of Wood Buffalo, the Municipal District of Mackenzie No. 23, and the Municipality of Jasper. Strathcona County and Wood Buffalo contain large urban service areas (USAs) that exist apart from the geographically larger and notably less populated rural service areas (RSAs). For example, the USA comprising the former city of Fort McMurray in the Regional Municipality of Wood Buffalo contains 56,111 residents while the surrounding RSA contains 10,994. Strathcona County's USA (comprising the former hamlet of Sherwood Park) contains 51,544 residents while the RSA contains 24,405. In both cases the reach of the larger RSA area permits the municipality to capture industrial and other assessment that logically should be transferred to the urban service area and, in the bargain, provide a means for orderly planning outside the USAs. The theoretical reasons for establishing Jasper and the MD of Mackenzie as specialized municipalities appear to weigh less on economic rationale and more on requirements to regulate growth (Jasper) and provide competent administration to scattered hamlets existing in Mackenzie's expansive northern territory. There present population of the province's specialized municipalities is 157,252.

Mention must be made of "new towns", a classification of municipality eliminated in the 1994 structural reforms. This classification was established in 1956 to address extraordinary service requirements, usually tied to very rapid growth of new urban entities devoted to resource extraction or resource service. Such "instant settlements" were spawned in the 1950s with the development of new oil fields, coalmines, and logging tracts. Not only did these developments require provincial financial assistance, but they also needed senior government oversight to ensure local government institutions and administrations developed within acceptable standards. Although there are many facets to the later imperative, it is noted that large segments of these emergent communities had little interest in paying local taxes or participating in civic life (Masson, 1994: 90; Hansen, 1956: 88-89). By the mid-1990s only one new town remained (Rainbow Lake). This apparent demise of the form should be understood for what it was; the New Town was an innovation in a line of innovations that the Alberta government developed

to address particular needs of its economy and population. Moreover, the list of the 12 new towns incorporated from 1950 through 1976 reflects the flexibility of the form. Two of the new towns (St. Albert and Fort McMurray) have grown to be substantial urban centres, others have matured into large or middle-sized towns, while two (Cynthia and Lodgepole) reverted to hamlet status. Today, in the absence of the new town classification, it is likely that the provincial government would create a specialized municipality to tackle the development concerns addressed by the new town legislation and provide special grants and assistance.

Rural Municipalities

Alberta presently has only one formal classification of rural municipality – the municipal district (MD). There are presently 64 municipal districts. This number is up from 1985 (combining MDs and counties), which stood at 50. During the interval, the number was augmented by the provincial government's efforts to eliminate as many improvement districts as possible. The bulk of these authorities became municipal districts.

The total population of municipal districts is 424,174 or roughly 14 percent of the provincial population. Although municipal districts have an average population of 6,532, there is significant variance in municipal district populations; however, owing to their rural character, none these entities are heavily populated. The largest rural municipalities are the MD of Rocky View No. 44 (30,418), an authority that abuts the City of Calgary, and Parkland County (27,252) which is situated immediately to the west of Edmonton. While these two authorities continue to grow, the former has been subject to a number of successful annexations by Calgary and the latter has two high-growth urban municipalities to which substantial development has flowed. Many rural municipalities have small and highly dispersed populations. The modal population is 5,318 (Kneehill County), with the smallest being the MD of Ranchland with a population of 96. Eighteen of the 64 rural authorities (28%) qualified as deserving financial support under the 2004-2005 one-time unconditional financial support programme revealing that a sizeable percentage of rural municipalities are in fairly difficult financial straights. Of interest, however, is the fact that a sizeable percentage of rural municipalities possess considerable financial health. Thus, similar to urban authorities, there are the rich and the poor but with greater disparity across the rural jurisdictions.

Hamlets are strictly speaking not municipal forms but deserve mention as they are provided for in the MGA. Although described above as quasi-municipal forms, they are addressed under rural municipalities since they fall under the administration of municipal districts, a specialized municipality, or improvement district. Hamlets can be designated by a municipal district or specialized municipality. In an improvement district, the Minister of Municipal Affairs can designate a hamlet. More formally defined, hamlets are unincorporated communities that exist within the rural authorities and consist of a group of five or more dwellings, a majority of which is on parcels that are less than 1850 square metres. The municipality creating the hamlet must define a "generally accepted boundary and name" and ensure the hamlet "contains parcels of land that are used for non-residential purposes" (s. 59). The latter provision exists to ensure some semblance of distinction between urban and rural entities. The hamlet designation has proven useful in recent years to provide some means of local representation and, also, some modicum of urban services to the few villages that have opted for dissolution.

There is no defined governance structure in the legislation but it is possible for a municipality to form an advisory group of citizens or, in the case of Sherwood Park (prior to its definition as an urban service area), to affect representation through the ward structure. There are 342 hamlets.

The county form of government was developed in the early 1950s in an inspired and radical reform initiative to effect coterminous boundaries among municipal, school and hospital authorities (Masson, 1994: 109-110). Efforts to bring hospitals into this arrangement were never achieved but reformers were successful in joining municipal and school governance through the county council and an attendant school committee. Municipal and school operational administrations were also consolidated under the county form, and were usually joined administratively at the top by an official titled "county commissioner". The county regime collapsed with sweeping educational structural reforms of the mid-nineties when the province reduced the number of school authorities from 141 in January 1994 to sixty by 1996 (LeSage, 2005: 68).

Quasi-municipal Authorities

Alberta's local system also comprises three categories of quasi-municipal jurisdictions (Improvement Districts, Special Areas, and Metis Settlements) and a range of agencies, boards, and commissions. Of special note among the ABCs is the Regional Services Commission, an innovation of the early 1980s that was refined in the new MGA.

Improvement Districts (IDs) are unincorporated rural administrative units. They are the responsibility of the provincial government, which, through Municipal Affairs, levies and collects taxes and oversees local service provision including the creation and maintenance of road systems, and the establishment of community infrastructure where urban-like agglomerations exist. Since the 1940s, there have been periodic provincial initiatives to reduce the number of Improvement Districts. In 1991 there were 18 IDs (Masson, 1994: 134). Today there are only seven. Of these seven, five exist with boundaries that are coterminous with national parks and one with a boundary coterminous with a provincial park. During the late 1980s residents of Improvement Districts and the province agreed that a transitional form of government was needed to promote conversion to full-fledged rural municipal governments. The Rural District Act was passed in 1991. This legislation was short-lived since it was repealed with the creation of the 1994 MGA and in the light of the provincial government's conclusion that IDs could, in fact, be elevated directly to municipal district status. In 2001 the total population of improvement districts was 2,559.¹² By contrast, Masson reports that the 18 IDs existing in 1991 had a population of 62,280 (Masson, 1994: 134).

Special Areas are another form of quasi-municipal rural government. Three exist, and are all situated in southeast Alberta. The authorities were established under the *Special Areas Act* of 1938 in the wake of the economic depression and drought that hit these vast dry lands. These twin calamities, and the fact that the land remains not generally suitable for intensive agriculture, have perpetuated their continuing provincial administration. Thus, the Act remains largely unaltered from its inception.¹³ At last

¹² Alberta Municipal Affairs (2004). "2004 Official Population List." These statistics drawn from 2001 federal census figures, 9.

¹³ Although there are formally three special areas authorities (No. 2, No. 3, No. 4), they are governed under a provincially appointed Special Areas Board comprising a Chairman and two representatives selected from two of the three special areas advisory councils. One advisory council (No. 2) comprises eight subdivisions while the

census, the special areas population stood at 5,314. The Special Areas comprise 2,067,274 hectares.

Metis Settlements are a unique form of quasi-municipal entity defined under the current *Metis Settlement Act*. Seven metis colonies were established in 1938 and 1939 (Masson, 1994: 129). There are presently eight settlements, although this figure obscures the history of settlement amalgamation, dissolution and formation. Regarding recent history, the Alberta Legislative Assembly passed "Accord legislation" in 1990. This legislation established the present eight metis settlement corporations "governed by elected councils with extensive powers to control their own destinies and finances" (Masson, 1994: 130). The legislation codified a mutually accepted resolution of a long controversy between the Federation of Metis Settlements of Alberta (FMSA) and the Government of Alberta concerning the subsurface rights to minerals under settlement lands and royalties flowing from these minerals. In exchange for self-administration of the metis settlement lands through the settlement councils, the FMSA relinquished claims being pressed through the courts for mineral ownership and royalty shares. At present, the Minister for Aboriginal Affairs and Northern Development is responsible for the *Metis Settlement Act* and that part of the provincial public administration dedicated to regulating and providing services to the metis settlement population. At the last census, the metis settlement population stood at 5,146.

Agencies, Boards, Commissions and Committees

Many agencies, boards, commissions and committees (ABCs) are found in the Alberta municipal system. Because they are so numerous, and because many are established by local initiative under broad permissive powers existing under the *Municipal Government Act*, it is well beyond the scope of this paper to offer a full catalog. However, a rough exposition is possible if the ABCs are considered within three frameworks: provincially mandated or prescribed municipal ABCs, municipally commissioned ABCs, and regional ABCs. There are also select independent authorities that exist which deserve mention in passing.

Several ABCs are either provincially mandated (mandatory) or, slightly differently, legislated as necessary if a municipality elects to provide services or regulate activities in a functional area. Municipalities also possess authority under legislation to create certain types of ABCs. For example, it is mandatory under legislation that a municipality creates a subdivision authority under (s. 623 [1]) of the *Municipal Government Act*, and a subdivision and development appeal board is mandated under the *Municipal Government Act* (s. 627 [1]). Under the *Police Act*, urban municipalities must establish and appoint members to a police commission if the municipality has a municipal police force. A council must create an arms length public library board under the *Libraries Act* if it elects to establish a municipal public library. Establishment of an assessment review board is necessary under the *Municipal Government Act* (s. 454) if a complaint is received on an assessment matter. However, councils can establish one or more assessment review boards in anticipation of complaints. Under section 49 of the *Residential Tenancies Act*, a city may by bylaw establish a Landlord and Tenant Advisory Board (LTAB). Edmonton, for example, has a LTAB to advise Council on residential tenancy issues and other

other two comprise three each. An array of local boards and committees are involved in special areas administration.

matters relating to the plan, programmes and services delivered by the Board. Edmonton's board also advises council on the effects of council policies on landlord and tenant relations.

The general powers of the MGA provide councils with wide-ranging powers to establish regulatory commissions such as boxing and wrestling commissions, taxi commissions, and a host of other ABCs. Among advisory or deliberative ABCs, using Edmonton as an example, there is the Advisory Board on Services for Persons with Disabilities, the Animal Control Advisory Board, several business revitalization zone associations, a Community Services Advisory Board, the Edmonton Aboriginal Urban Affairs Committee, the Edmonton Design Committee, the Edmonton Historical Board, and others. Edmonton has a number of these "executive" level boards that either report to council, or a council committee. Calgary evinces similar ABCs as do many of the small cities. Specialized municipalities, towns and the larger rural municipalities also possess such bodies but their numbers and functional reach appear to diminish with the population size of the municipality.

Alberta municipal legislation has provisions for regional administration. Assessment legislation permits the establishment of joint assessment review boards (MGA, s. 456). Planning legislation permits (and it would be fair to say that the Alberta Municipal Affairs encourages) the creation of an inter-municipal subdivision and development appeal board (s. 627[1]). Of particular note are Regional Service Commissions (RSC), which are special authorities established by regulation under the *Municipal Government Act* for purposes of producing inter-municipal services. Legislation permits these bodies to be multi-functional, even though to date almost all focus on a single function. Prior to 1994, the functional domain of RSCs was restricted to "hard" utilities such as water, sewer, and waste management. Following proclamation of the "new" MGA, the prospective scope of RSCs was expanded under legislation to cover a broad range of joint municipal services. In the interval that has followed, new commissions have been established that provide regional services relating to airports, emergency response services, municipal planning services, and real property assessment services. As of early 2006, there were 52 RSCs.¹⁴ In 2007, the Minister's Council on Municipal Sustainability – a council comprising the mayors of Edmonton and Calgary and the presidents of the rural and urban municipalities associations – proposed that the province consider establishing regional service delivery agencies that would possess authority to levy and

¹⁴ One RSC of interest is the Oldman River Regional Services Commission (ORRSC). This is the only RSC that provides regional planning service to a region which is, in fact, something of a surprise in that one of the envisioned purposes of the functionally beefed up RSCs was that the bodies would inherit the programmes of regional and metropolitan planning commissions that the government effectively killed in 1993 and outright eliminated in 1995. The ORRSC provides a range of planning, mapping and library services much as used to be done through the regional planning commissions. The big difference is that the ORRSC does not possess the regulatory teeth possessed by the old regional and metropolitan commissions – teeth that made them very unpopular amongst rural authorities. A more conventional RSC is the Capital Region Wastewater Commission, established under regulation (AR 129/85 s. 130/200) joining thirteen regional municipalities, but not Edmonton, in a service consortium devoted to supplying sewage transmission and treatment services to commission members, and to "any additional persons to whom the board of directors of the Commission from time to time decides to supply sewage transmission and treatment services" (AR 129/85, s. 3 [1]). Wastewater is one of the functions that the new Capital Region Board may take up, and perhaps this as much as anything underscores how the new super Board of the Capital Region will differ as a service delivery entity from the existing arrangement – it will necessarily include Edmonton in regional service delivery regimes.

collect their own revenues (Minister's Council on Municipal Sustainability, 2007: 3). The government reserved this proposal for consideration, and this remains its status. Whether such bodies simply would be RSCs with greater powers or newly legislated forms is not clear.

Although it is possible for RSC legislation to be used to form a regional airport authority, most regional airport authorities that have developed in Alberta have been enabled under the *Regional Airports Authorities Act* which mandates regional airport authorities to "manage and operate airports in safe, secure and efficient manners" while concomitantly advancing regional economic and community development "by means that include promoting and encouraging improved airline and transportation service and expanded aviation industry" for the general benefit of the regional public. Other specialized regional authorities operate under specific legislation as well. These include regional health authorities, regional school authorities (Bruce et al., 1997: 383-416), irrigation districts (Masson, 1994: 121-124) and drainage authorities (125-126). While not formally part of the municipal system these authorities are often inextricably intertwined with municipal authorities in producing good local governance.

Some of the most significant local regional institutions – regional and metropolitan planning commissions, which placed most of the province under an orderly regional planning regime – were eliminated as a result of 1995 reforms to the *Municipal Government Act*. These commissions exercised considerable authority over land use and development control, and in ways that rural authorities often complained were to their disadvantage.¹⁵ Tensions between urban and rural authorities in the Edmonton region were especially pronounced, but there were additional "cleavages" including those between the central city and the suburbs. Other regions experienced similar cleavages, and for these reasons and others that were putatively defensible during a spasm of neo-conservative re-engineering and downsizing, the commissions were abandoned. Alberta was left with what amounted to a voluntary regional planning regime. This arrangement, which included requirements for inter-municipal consultation and elective provisions for establishing inter-municipal development plans, was serviceable to greater or lesser degrees across the province during the remainder of the 1990s. However, these voluntary provisions quickly became strained in several regions with the dramatic economic escalation of the new century. Early in 2007, the Minister's Council on Municipal Sustainability (MCMS) recommended the creation of some form of new regional planning agency in the province's metropolitan and high growth areas.¹⁶ The Stelmach government accepted the recommendation to establish some form of regional planning body in the metropolitan regions but reserved judgment on the merits of providing taxation authority to regional service delivery agencies as recommended by the Council.

¹⁵ See Masson, 1994, Chapter 12 for a complete discussion of municipal land-use and regional planning in Alberta up to 1994, with particular attention to pp. 421-425.

¹⁶ The MCMS did not recommend that regional planning authorities be established in areas of the province where municipalities continue to demonstrate the ability to effectively manage inter-municipal relationships, or where the intractable planning issues affected a small number of municipalities. In these instances, the preferred strategy is to require municipalities to negotiate an inter-municipal development plan that address key issues (regional planning, land use, cost-sharing and/or revenue sharing), and to use final offer arbitration where the negotiating municipalities reach an impasse. The Province accepted these recommendations but placed a caveat that its ongoing Land Use Framework consultation may affect the implementation of these recommendations.

Following on the MCMS report was retired deputy minister of Municipal Affairs C.D. Radke's *Working Together: Report of the Capital Region Integrated Growth Management Plan Project Team* (December 2007). The government commissioned Radke to take direct aim at vexing problems of regional planning and growth management in the Edmonton metropolitan area and, somewhat secondarily, at regional service delivery issues. His final report recommended a new provincially mandated regional board for the Capital Region, effective January 2008. The government accepted this recommendation and almost all others contained in *Working Together*, and thus ushered in a new day and new design for regional administration in Alberta. The Capital Region Board was established under section 603 of the *Municipal Government Act* which permits the Lt. Governor in Council to make a regulation for a matter otherwise not sufficiently provided for in the Act. Requiring membership and participation of 25 municipalities defined by the province as comprising the Capital Region's complement, the Board is charged with developing an integrated land use plan for the region, reviewing and approving amendments to (or new) Municipal Development Plans, Inter-Municipal Development Plans, and Area Structure Plans, and approving a ten-year inter-municipal transit plan. Further, the Board is charged with delivery of regional information services and inter-municipal public transit. Additional monitoring and reporting responsibilities extend to social and market affordable housing, and several other major functions. In the future, with provincial approval, functions such as the delivery of potable water, wastewater, solid waste management, recreation and economic development will fall under the Board's authority – although, it is far from certain that the Board will pursue these responsibilities. Board governance is achieved through binding votes using a double-majority system that recognizes Edmonton's dominance of the region (71 percent of the population and something in the range of 60 percent of total property assessment)¹⁷ while giving voice to the multitude of small municipalities in the region and some influence to the largest municipalities surrounding the city. Board approval of policy and plans requires 17 of the region's 25 municipalities representing at least 75 percent of the population to vote affirmatively. Thus, any Edmonton vote in the negative effectively vetoes a motion owing to the 75 percent threshold. At the same time, Edmonton must work to ally itself with 16 other area municipalities to pass a Board motion, and the 16 others must comprise an additional four percent of the global regional population. Radke's consultants certainly understood that with the (recent and historical) friction existing among the region's municipalities there would be prospects for dysfunctionality with this system. Thus, they proposed a draft "charter" making explicit key principles and values to guide board governance. A protocol is in place in which board municipalities necessarily first seek consensus on an issue before submitting an issue to a binding vote. Dispute resolution provisions are also available to municipalities that believe a Board decision or administrative action has resulted in unfairness or impropriety. Although funding arrangements for the Board must to be worked out, major regional projects will be funded in part through provincial requisitions on the region's municipalities. This is something different than the MCMS's proposed direct taxation by regional authorities.

¹⁷ See *Working Together*, Tables 13 and 14, pp. 79-80.

Partnerships, Alliances and Liaisons

A great number of special inter-municipal arrangements exist either through principal-agent relationships fashioned between or among municipalities, or through the creation of non-profit companies under Part 9 of the Alberta's *Companies Act*. Regional partnerships of local governments have developed over the past decade in the Edmonton and Calgary metropolitan areas. Somewhat analogously, economic development collaborations have appeared in several of the province's other urban regions. The soon to be disbanded Alberta Capital Region Alliance (ACRA) and the Calgary Regional Partnership were established under the Part 9 device, and were more or less styled on American councils of governments and Australian regional organizations of councils. While similar structures have recently emerged elsewhere on the prairies, the Alberta bodies are both the most developed and formalized.

The newly established Capital Region Board is better understood with a nod to ACRA which was the first municipal partnership in the province. Its lineage is traced directly back to the Edmonton Metropolitan Region Planning Council (EMRPC) which the province killed fiscally in 1993 and legally in 1995. First named The Capital Region Forum, ACRA was to "promote and improve harmony and cooperation amongst" the region's municipalities, and "promote and encourage cooperation and collaboration" (Capital Region Forum, 1995: 8). The Forum's founders also envisioned a service delivery role that included provision of planning services and a role in fashioning a broad regional growth management plan. However, these ambitions were quickly confounded by regional political dynamics. In 1997 the Forum moniker was dropped, and the newly named ACRA emerged as a more modest collaboration that was defined to serve as a venue in which municipalities and other regional organizations (and organizations with regional concerns and interests) would share information and ideas. ACRA strove to facilitate the aggregation of regional interests and the articulation of regional issues and initiatives that were collectively advanced to the provincial and (sometimes) federal government. At its membership high water mark in 2006, ACRA possessed 23 member municipalities. However, in October 2006, Edmonton City Council formally voted to withdraw from the Alliance citing a number of concerns but most particularly the failure of the organization to address regional land use management issues and (what the council deemed as) a chronic lack of equity in the distribution of local tax revenues. Other urban municipalities in the region demonstrated some measure of sympathy with the city's case, and ACRA's membership began to drop. With provincial creation of the Capital Region Board, ACRA was consigned to history.

The Calgary Regional Partnership (CRP) is of more recent vintage than ACRA. Partnership members have met regularly and published annual reports since 2001 with articles of association and incorporation documents finalized in May 2004. Its functionalities are essentially the same as ACRA's. The CRP comprises 19 members. Unlike ACRA, not all its members are municipal since the Partnership includes the Townsite of Redwood Meadows, a private development, and the Tsuu T'ina First Nation (the Sarcee Indian Reserve), which is located on the outskirts of Calgary. Since the Minister's Council on Municipal Sustainability pointedly recommended that regional planning administrations should be reconstituted in both of the province's principal metropolitan regions, it is likely that the CRP also will be replaced by some form of regional planning and service delivery entity. When this will occur is not clear.

Calgary and Edmonton's one-time energetic rivalry appears to have metamorphosised in recent years to something of a new and successful partnership. Whereas in the 1980s and

1990s the two cities were often competitive in their efforts to acquire equitable shares of provincial funding, of late this competition has been replaced by a willingness to collaborate in efforts to score more funds.¹⁸ This is not to suggest that competition has been eliminated – both cities certainly eye one another with attention to the equitable division of provincial funds, and in this Edmonton is especially sensitive to real or apparent slights. Nonetheless, beginning with negotiations resulting in the province pledging a five cent a litre transfer of fuel tax revenues for both cities, the value and potential of collaboration began to dawn on the one-time competitors. Calgary and Edmonton mayors and senior administrations participated actively on the Minister’s Provincial/Municipal Council on Roles and Responsibilities in the 21st Century, and at the table in the framing of the Canada-Alberta “new deal” gas tax agreement. They provided common fronts in these forums. In 2004 the Edmonton and Calgary city councils met together in a special council meeting to address common policy issues.¹⁹ The mayors shared honours as members of the Minister’s Council on Municipal Sustainability (other members were the presidents of the province’s two principal municipalities associations), and senior city administrators are participating in The Alberta Federal, Provincial, Municipal Trilateral Table on Community Sustainability.²⁰ The Table is a body mandated under Canada-Alberta gas tax agreement. City officials also collaborate on various administrative matters including joint purchasing arrangements, and they apparently share policy and administrative information freely.

Jurisdiction and Functions²¹

Jurisdiction

The powers of Alberta municipalities are defined in the *Municipal Government Act*. This legislation was substantially revised in 1993 (proclaimed in 1994) and in a separate 1994 installment (proclaimed in 1995) following lengthy consultations through the Municipal Statutes Review Committee (MSRC) and a separate intensive review of planning legislation. The present Act is thick, comprising 18 parts, 710 sections and running 380 pages, and is by no means elegant in its fullness or its construction. Moreover many other pieces of Alberta legislation relate directly to municipalities. All the same, elegance is found in the MGA’s basic assumption that municipalities should be able to operate freely within broadly defined spheres of jurisdiction and do so with substantial local lawmaking powers and with corporate freedoms enjoyed by businesses. This approach represented a significant departure from the traditional “express powers” regime of Canadian municipal legislation that allows municipalities to do only what is expressly permitted in provincial legislation. Alberta led municipal Canada in this regard, and was in the international vanguard of jurisdictions (in developed English-

¹⁸ It is important to not overstate the competition since even during the 1990s Edmonton and Calgary’s mayors pursued joint lobbying initiatives and occasionally met together (Sadava, 1991).

¹⁹ See Edmonton, Special City Council Minutes, Thursday, April 1, 2004. Interestingly, and apparently lost to the collective consciousness of participants in this meeting, the city councils meet jointly twice in 1991 with similar sentiments.

²⁰ See s. 2.4, of the “Canada-Alberta Agreement on the Transfer of Federal Gas Tax Revenues Under the New Deal for Cities and Communities 2005-2015” signed May 14, 2005.

²¹ See LeSage (2005) for a complete discussion of jurisdictional and functional reforms. The content of this subsection is drawn largely from that exposition.

speaking countries) granting what is commonly named “general competence” powers to municipalities.

Under the MGA, municipalities are charged with providing good government, providing services, facilities or other things that are necessary or desirable in the council’s opinion, and to maintain safe communities (s. 3). This expansive mandate is qualified by specific clauses elsewhere in the Act, and also by other provincial legislation. Furthermore, the Act makes clear that in the event of “inconsistencies” between a local bylaw and the Act or between a local bylaw and other provincial legislation, “the bylaw has no effect to the extent of the inconsistency” (s. 13). All the same, the change in the jurisdictional rules is regarded as important and the general bylaw making powers provision has survived a telling test before the Supreme Court of Canada.²²

Alberta municipalities possess general bylaw making authority in nine areas:

- safety, health, and welfare of people and the protection of people and property;
- people, activities, and things in, on, or near a public place or place that is open to the public;
- nuisances, including unsightly property;
- transport and transportation systems;
- business, business activities, and persons engaged in business;
- services provided by or on behalf of the municipality;
- public utilities;
- wild and domestic animals and activities in relation to them; and,
- enforcement of all bylaws. (s. 7)

It is important to add that these are jurisdictional areas in which municipalities can make local law but they are not the limit of functional areas in which councils can act to serve good government within their boundaries.

As noted at the onset of this section, there remain many highly specified aspects of municipal power and responsibility notwithstanding the liberal construction of the MGA. Indeed, a division of the Act (Part 3, Division 8) is dedicated to specifying with precision limits to municipal powers. Sections 70-75 address limitations extending to the disposal of land, mines and minerals, acquisition of land outside municipal boundaries, control of profit corporations, firearms and, oddly, the Forest and Prairie Protection Act. Elsewhere in the MGA there is detailed specification relating to the establishment of municipalities, councils, municipal organization and administration, public participation, financial administration, property assessment, taxation, assessment review, the Municipal Government Board (a provincial oversight body), legal matters, and planning. Within these parts there often highly detailed prescriptions that demonstrate the express powers regime is alive and well. However, as the architects of the Act explain, sections relating to such matters as governance are necessarily highly defined since the MGA is in effect the municipal “constitution” and constitutions by necessity contain detailed rules that apply to the procedures of governance. Furthermore, a body of the prescriptive sections applies only when municipalities elect to perform the functions in question. In other instances the provincial prescription exists because legislators believed that prescription is in the broader provincial interest. There may or may not be a theoretical basis for all such prescription but in many instances it is clear that prescription attends

²² See LeSage (2005), 77-78, for discussion of the *United Taxi Drivers of Southern Alberta v. Calgary* case.

matters in which extra-municipal consequences (externalities) flow from action taken by an individual municipal authority.

Functions

Most of the functions performed by Alberta municipalities are implied by the nine general local law making spheres outlined in the *Municipal Government Act*. For example, in the matters of promoting the safety, health and welfare of people, Alberta municipalities provide or assist in the delivery of fire protection, ambulance services, disaster response, water, waste-water treatment, solid waste removal, storm sewers and drainage, other environmental services (e.g., weed control), land use planning, zoning and development controls, subdivision and land development, public housing, building rentals (e.g., land, housing, buildings), family and community social services, day care, recreation boards, parks and recreation facilities (e.g. swimming pools, ski facilities, trails), cultural institutions (e.g., libraries, museums, exhibition halls), convention and trade centres, and cemeteries. A range of law enforcement and protection of the public peace activities are conducted by the police and other enforcement and regulation officials; these officials enable municipalities to regulate the behaviour of people, activities, and things in, on, or near a public place or place that is open to the public. Similarly, municipal law enforcement and other regulatory officials regulate nuisances, including unsightly property and, in rural areas, fence maintenance.

Municipal provision and delivery of transport and transportation systems include the regulation and provision of roads, streets, walks, lighting, airports, bridges, and public transit. Functions concerning business, business activities, and persons engaged in business include a range of regulatory activities including licensing and zoning, and supports including economic development initiatives of various sorts ranging from business attraction and retention initiatives, convention centre and trade centre development, redevelopment projects and initiatives, and public-private investments including, of late, either promoting or providing the development of high-speed internet and Wi-Fi services.

Alberta's two largest municipalities remain involved in the production and delivery of power and water through wholly owned corporations. ENMAX is a wholly owned subsidiary of the City of Calgary, which operates and competes in Alberta's restructured electricity industry. EPCOR is a private company formed in 1996 wholly owned by the City of Edmonton that builds, owns and operates power plants, electrical transmission and distribution networks, water and wastewater treatment facilities, and infrastructure. Edmonton's municipally operated telephone service was privatized in 1990 to form the Edmonton Telephones Corporation (ED TEL), which the city sold to TELUS Corporation 1995. Elsewhere, some municipal utilities continue to operate as part of municipal administration including Medicine Hat's municipal gas works.

Alberta municipalities are responsible for raising funds through property and business taxes, borrowing, fines and fees for service. Provincial officials assess linear structures (e.g., pipelines), and machinery and equipment except in instances where a local assessment has been approved.

Much has been made of Alberta's extension of "natural person powers" to municipalities under section 6 of the MGA. "Natural person powers" are almost endless – a municipality can enter into contracts, purchase or sell goods and services, borrow money, provide loans and guarantees, make investments, set up a company, hire

employees, construct or lease buildings, set up non-profit organizations, purchase shares in a company, enter into partnerships or joint ventures, and more. The innovation's significance is that it permits municipalities to perform corporate activities more freely than under the traditional and picayune corporate power provisions of municipal legislation.

There are some functions for which municipalities in other Canadian provinces possess responsibility that Alberta municipalities do not. Hospitals and clinics are of note. These functions are either provincially or regionally administered, and have been since the early days of Tory rule when the province assumed all municipal responsibility in an effort to place municipalities on better financial footing. Food and restaurant inspections fall to the province's regional health authorities. However, in the real world things are less sharply defined than in legislation. For example, under the MGA, municipalities can make arrangements to attract and establish physicians in their communities -- a matter of great importance to many small centres and rural citizens that suffered from the absence of proximate physicians. Presumably this qualifies as making provision for, if not actually supplying, health-related services. Moreover, the MGA provides that one of the purposes of a municipality is to provide for the health of its citizens without specifically stating what this entails. While municipalities do not provide direct income security per se, they provide or otherwise support various forms of non-taxable income support including a range of services for children, youth and seniors, discounted fares for senior citizens at various public venues, subsidized social housing, and senior citizen lodges. The province heavily subsidizes municipal family and community support services (FCSS) contributions under the *Family and Community Support Services Act*. Municipalities provide support to senior lodges by underwriting the budgeted operating deficits of the lodge operating bodies.

No truly comprehensive list of municipal functions exists. However, Table 1 provides a summary of municipal functions published by Alberta Municipal Affairs and Housing summarizes many of the services offered by municipalities. It is offered as a supplement to the lists provided above with the caveat that it is not complete in all particulars.

Table 1. General Functional Activities of Alberta Municipalities²³

Airports
Ambulance
Building codes
Bylaw enforcement
Cemeteries
Community/agriculture services
Convention centre
Cultural facilities
Day care
Emergency management / disaster services
Domestic animal control
Electrical production/distribution
Family and community support services
Fire protection
Garbage collection and disposal
Land/housing/building rentals
Municipal planning, zoning, development
Natural gas production/distribution
Parks and facilities
Police
Public housing
Public safety and security
Public transport
Recreation programmes
Roads, streets, walks, lighting
Sanitary sewage and treatment
Storm sewers and drainage
Subdivision development
Telephone system
Water supply and distribution
Weed control

²³ http://www.municipalaffairs.gov.ab.ca/ms_ProvisionProgrammesServices.htm. Accessed September 25, 2007.

Municipal Finance

The analysis of municipal finances in Alberta offered in this section includes examinations of levels, patterns and trends of expenditures, revenues, transfers and an assessment of fiscal capacity. The data used for this analysis are from the Financial Management Series of Statistics Canada. That data series has been available since 1988 and selected years are reported. Also reviewed are the finances of the different classes of municipalities in Alberta. Data by municipal class are not available from Statistics Canada so we utilize data from the Municipal Financial Information System of Alberta Municipal Affairs. In a final section, we outline recent initiatives that may have led to municipal fiscal reform and may, if not reform, still promote some future changes. In particular, new provincial grants have been introduced. However, those initiatives occurred relatively recently, notably in 2005 and 2007, and so their impacts on municipal finance are to be revealed primarily in yet to be published data.

An Economic Reflection on Functionalities

This analysis focuses upon municipalities and their finances. However, particularly because there are interactions, it is useful to refer occasionally to the broader local government sector. By local government we mean the combination of municipalities (that is, general purpose local governments) and school authorities. Thus, while concentrating on the municipal situation, we sometimes also reflect upon the school and overall local government cases.

The relative role of the municipal sector in Alberta is reflected in the figures in Table 2. There, government expenditures relative to personal income in the province are reported. It is more common to use GDP as the base for comparison but GDP fluctuates considerably in Alberta due to the importance of the energy sector of the economy and the volatility of energy prices. Hence, ratios relative to GDP can be less meaningful and less comparable. Personal income is more stable. Over the 1988/89 to 2004/05 period, the ratio of personal income to GDP has declined from about 0.75 to about 0.60. Also, personal income is an important determinant of demand for government services.

Table 2. Relative Magnitudes of Government Expenditures, Alberta, Selected Years

Year	PI/GDP ^a	Provincial ^b	Local ^{b,c}	School ^{b,c}	Municipal ^{b,c}	Consolidated Provincial and Local	Municipal as a Percentage of Consolidated Provincial and Local
1988/89	0.736	28.91	11.40	4.56	6.83	38.21	17.89
1990/91	0.751	28.14	11.50	4.65	6.85	37.94	18.06
1995/96	0.701	23.39	10.42	4.38	6.03	30.82	19.60
2000/01	0.615	23.20	9.18	3.98	5.19	30.61	19.75
2004/05	0.593	23.11	9.43	4.26	5.18	31.52	16.43

Notes:

a) Ratio of Personal Income and Gross Domestic Product. CANSIM II.

b) Percentage of personal income.

c) Local government data are annual and for the initial year of the fiscal year designated - e.g. 1988 for 1988/89. Local government refers to municipal government (general purpose local government) and school authorities combined.

Since 1988/89, public expenditures relative to personal income have declined in Alberta. Provincial expenditure has declined from almost 29 percent to about 23 percent.²⁴ Expenditures at the local level have declined relatively less going from 11.4 to 9.4 percent of personal income. However, the ratio of local to provincial expenditures has remained relatively stable during this period at about 0.4. This stabilization comes at the end of an earlier downward trend in the importance of local outlays – for example, in 1965/66 the ratio was 0.74 – resulting primarily from the growth of the provincial government during the 1960s and 1970s rather than any diminishing of local responsibilities.

At the local level, municipal government expenditures exceed somewhat those of the school authorities. The ratio is 55:45 according to the latest numbers. The difference has diminished since 1988/89 because school outlays have declined relative to personal income less than have municipal expenditures. Currently, municipal expenditures are approximately 5.2 percent of personal income in Alberta. This implies that municipal outlays are a significant but not major component of public spending in the province. The numbers referred to so far do not permit an exact determination of the relative size of the municipal sector because they are not consolidated. That is, they do not allow for intergovernmental transfers of funds from (mostly) provincial to local governments. Hence, the sum of the provincial and the local columns do not exactly equal those in the consolidated provincial and local column. Municipal expenditures as a percentage of consolidated provincial and local expenditures show that the municipalities have accounted for about or just somewhat less than 20 percent of the consolidated provincial and local expenditures in Alberta.

School authorities have recently experienced important changes in their powers and financing that deserve note. Prior to the mid-1990s, school boards received support from the province and levied local property taxes to make up the remainder of the revenue to finance local schooling.²⁵ In part taking a lead from some other provinces, the system was reformed to (effectively) remove taxing powers from the school boards and for the province to provide essentially all the funding to the boards. The province basically took over the local school taxes and now levies a uniform property tax for school purposes. In other provinces, school financing is largely similar to that in Alberta except for Saskatchewan and Manitoba, which retain a system more like the previous Alberta system.

Identifying powers and responsibilities of municipal governments is valuable but it does not indicate the relative importance of those functions. One perspective on the relative importance of functions is to look at the level and pattern of municipal expenditures. Some may argue that this perspective may understate the importance of certain activities – the importance of a safe water supply or the benefits of zoning, for example – but it has the advantage of having and using a common denominator and it is particularly amenable for a public finance analysis. Table 3 provides information on the levels and allocations of the expenditures of Alberta's municipalities in selected years. Here, the focus is on 2001 as it is a recent year and the data are firm (not early estimates). Note initially that municipal expenditures amount to \$1,629 per capita. This amount represents 5.1 percent of the average per capita personal income of Albertans and 6.6 percent of their personal disposable income. Neither amount is especially large. However, municipal expenditures

²⁴ Here and in all the tables that follow, the final year data must be regarded with some care as those numbers are based on preliminary data.

²⁵ The share of total funding provided by the province varied considerably over the previous 30 years (following a generally declining trend from about 85% to about 60%).

account for about one fifth (21.3 percent in 2001) of consolidated provincial and local expenditures in Alberta; that is, one fifth of sub-national government in Alberta.

Table 3. Level and Allocation of Municipal Government Expenditures in Alberta. Selected Years 1988-2004

	1988	1992	1996	2001	2004	Canada w/o Ontario 2001	Canada 2001
Per Capita Total Expenditure (\$)							
Nominal	1,311	1,475	1,340	1,629	1,797	1,296	1,545
Constant (2001) Dollar ^a	1,697	1,698	1,445	1,629	1,671	1,296	1,545
Allocation Percentage							
General Government	7.97	9.57	10.11	10.73	11.15	11.82	10.42
Protection	11.81	12.56	14.40	14.31	16.35	16.80	15.15
Police	6.36	6.90	8.09	8.13	8.87	9.80	8.96
Fire	4.89	5.05	5.39	5.23	6.24	5.51	4.89
Regulatory	0.51	0.54	0.63	0.76	0.83	0.52	0.70
Other	0.05	0.06	0.29	0.19	0.41	0.97	0.60
Transportation and Communication	29.15	28.99	26.80	27.60	25.57	24.50	21.44
Roads and Streets	21.93	21.66	20.52	23.06	20.97	17.39	14.03
Snow and Ice Removal	1.04	1.22	0.97	0.36	0.39	2.39	1.92
Parking	0.80	0.69	0.45	0.51	0.52	0.51	0.37
Public Transit	5.10	5.18	4.60	3.04	3.05	3.62	4.50
Other	0.27	0.24	0.25	0.63	0.64	0.59	0.62
Health	1.16	1.19	1.57	1.75	1.90	0.98	2.21
Social Services	1.87	2.11	1.92	1.55	1.75	1.16	12.52
Education	0.01	0.01	0.00	0.31	0.26	0.68	0.36
Resource Conservation and Industrial							
Development	2.74	2.28	2.92	2.19	2.89	2.49	2.07
Agriculture	2.47	2.02	2.54	1.81	1.63	0.57	0.32
Other	0.27	0.26	0.38	0.38	1.26	1.92	1.75
Environment	11.75	12.19	13.36	15.96	14.61	15.49	14.43
Water	6.39	6.17	6.63	5.49	5.74	6.19	5.66
Sewerage	3.68	3.97	4.28	5.74	5.73	4.89	4.86
Solid Waste	1.67	2.05	2.43	4.70	3.10	3.94	3.60
Other	— b	0.00	0.02	0.03	0.04	0.45	0.30
Recreation and Culture	13.32	13.53	13.52	15.06	15.50	14.10	11.50
Recreation	10.93	10.84	10.82	11.71	11.82	10.46	1.33
Culture	2.01	2.33	2.64	2.61	2.90	3.47	1.00
Other	0.38	0.36	0.06	1.34	0.78	0.17	0.33
Housing	0.27	0.41	0.49	0.73	1.41	1.57	3.24
Regional Planning and Development	2.51	2.80	2.13	3.03	2.86	2.44	1.33
Debt Charges (\$)	17.43	14.34	12.76	6.78	5.69	7.44	4.97
Other	— b	— b	— b	— b	0.04	0.51	0.37
Total ^c	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Surplus (Deficit)	(2.43)	1.31	12.25	11.42	4.68	(2.46)	(2.10)

Source: Municipal expenditure data comes from CANSIM II Local General Government Revenue and Expenditure. Table 385004.

Notes:

- a) Deflated using the Canada GDP Implicit Price Index.
- b) Negligible.
- c) Percentages may not sum to sub-totals or totals due to rounding.

Of major interest is the distribution of municipal expenditures because that will tell us more about what municipal government does and, in particular, where it spends public money. Reference to the functional categories in Table 3 reveals that transportation (at 27.6 percent of total outlays) is the single largest area of expenditure. Most of that outlay, 85 percent when snow and ice removal is included, is for streets and roads. Eleven percent of transportation expenditures, or about 3 percent of total expenditures, go to public transit. Three functional areas each represent about 15 percent of total outlays; environment, recreation and culture, and protection. Within the environmental area, water and sewerage services are of roughly similar magnitude and solid waste services take a somewhat smaller share of that budget. At 11.7 percent of total outlay, recreation dominates the recreation and culture category. Policing and fire account for over 90 percent of expenditures for protection with policing the dominant area at over eight percent of total expenditures. The general government category is next largest at almost 11 percent of the total expenditure budget. Because municipalities often borrow to finance at least part of their capital investments, debt service costs can be important. In 2001, they were almost seven percent of total outlays. Regional planning and resource conservation came next at 3.0 and 2.2 percent respectively. A number of categories individually account for less than two percent of expenditures – health, social services, education, housing and other. In total, they amount to only 4.3 of total expenditures in 2001.

Although about 25 percent larger in per capita terms, the distribution of municipal expenditures in Alberta parallels the average of that in other provinces except Ontario. Indeed, Ontario stands out from all other provinces in that its municipal governments have an unusual responsibility for social services that absorbs about one-quarter of their total expenditures and contributes to Ontario having the highest level of per capita municipal spending (and taxes) in the country.²⁶ The size of social service outlays in Ontario and the magnitude of Ontario in the Canadian context result in social services being attributed to 12.5 percent of municipal spending in Canada. As the two right hand side columns in Table 3 indicate, this is a figure that is not representative of Ontario or of other provinces.

Although it is not possible to speak to the issue fully until looking at revenues (and intergovernmental transfers in particular), one can observe that the responsibilities assigned to municipalities in Alberta (and to most Canadian municipalities) are relatively logical. By logical, we mean that the responsibilities are quite consistent with those recommended for municipal governments by the theory of fiscal federalism.²⁷ That is, the services for which municipal governments are responsible are those benefiting primarily their residents. With the possible exception of policing and certain transportation services, the externalities (or spillovers of benefits) to non-residents are quite limited. Thus, for these services, a heavy reliance on revenues from local sources can afford a close linkage between benefits received and services provided. However, more on this later, after revenues have also been examined.

²⁶ McMillan (2003, 2004, 2006) discusses Canada wide patterns and provides inter-provincial comparisons. For further discussion and detail see the overview chapter and chapters surveying individual provinces in Sancton and Young (2007, forthcoming).

²⁷ For discussion see Bird (1993), Kitchen (2003), McMillan (2004, forthcoming a) and Oates (1972).

Patterns and Trends: Expenditures

Table 3 provides information on the levels and distribution of the expenditures of Alberta's municipalities from 1988 to 2004. A notable feature is that while the total per capita nominal expenditure has grown by 37 percent over the 16 years, real per capita expenditures have been essentially constant averaging \$1,629 over the reported years. That is, except for a dip in 1996, there has been very little change in real expenditure or services per capita.²⁸

While the functional distribution of expenditures has been noted, there are some trends across the 1988-2004 period that warrant mention. Most notable has been the declining importance of debt servicing costs. Those costs represented 17.4 percent of municipal expenditures in 1988 but only 5.7 percent in 2004. Declining interest rates and declining liabilities are the reasons for the shrinking importance of debt service cost in municipal budgets. This reduction in debt service costs afforded room in budgets for tax relief and/or greater programme spending.

Other components of the municipal budgets naturally became relatively more important as debt service costs declined. The increased shares of environmental services and of recreation and culture reflect that adjustment; that is, increase but only maintaining their share of programme spending.²⁹ Expenditures for general government and for protection rose relatively faster. The most notable change occurred in transportation which was the only major programme area to contract. Expenditures there actually fell from 29.1 to 25.6 percent of outlays and from 35.3 to 27.1 percent of programme spending.

The "bottom line" is also noteworthy. Over the 1988-2004 period, Alberta municipalities went from running a modest deficit in 1988 to significant (as high as 12 percent of outlays) surpluses.

Patterns and Trends: Revenues

The per capita revenues of Alberta municipalities have risen quite steadily from 1988 to 2004 (Table 4). Again, however, the real dollar amounts have been quite stable. While one must be cautious of the preliminary 2004 numbers, the \$1,733 per capita (2001 dollar) revenue in 2004 is actually slightly lower than the 1988 and 1992 amounts. This suggests that the upward movement in 2001 was not being sustained.

²⁸ Nominal amounts are adjusted using the national GDP Implicit Price Index. There is no index for the prices of municipal purchases and no alternative (e.g., CPI, provincial government input price indices) is ideal. The GDP index is selected as a good representation of all prices in the economy and a reasonable approximation of input prices to Alberta municipalities. The Canadian index is selected over the Alberta index because the latter is seriously influenced by the volatile prices of energy products (outputs in Alberta) and does not necessarily represent input prices very well.

²⁹ Programme spending is expenditure excluding debt service costs.

Table 4. Level and Distribution of Revenue Sources of Alberta Municipal Governments. Selected Years 1988-2004

	1988	1992	1996	2001	2004	Canada 2001
Per Capita (\$)						
Nominal	1,279	1,494	1,567	1,815	1,882	1,255
Constant (2001) Dollar	1,767	1,764	1,698	1,815	1,733	1,255
Distribution (Percent)						
Own Source	78.05	78.07	87.39	87.00	89.59	83.01
Property and Related Taxes	36.29	37.49	44.76	43.18	45.18	52.18
Real Property Taxes	21.35	23.25	31.02	27.37	30.46	41.90
Lot Levies	1.72	2.32	1.38	2.77	2.56	1.97
Special Assessments	1.97	1.57	1.22	0.97	0.85	1.48
Grants-in-Lieu	3.34	2.28	2.88	2.82	1.88	3.22
Business Taxes	4.67	4.46	4.44	3.89	3.90	2.64
Other	3.33	3.61	3.23	5.36	5.53	0.67
Consumption Taxes	0.00	0.00	0.00	0.00	0.00	0.15
Other Taxes	1.03	1.25	1.15	1.57	1.94	1.19
Sales of Goods and Services	26.55	26.23	27.59	29.50	31.35	23.01
Investment Income	12.82	11.69	12.99	11.01	9.31	4.88
Other Own Source	1.35	1.41	1.47	1.72	1.81	1.61
Transfers	21.95	21.93	12.61	13.00	10.41	16.99
General Purpose (Provincial)	6.76	9.30	1.66	0.79	0.59	2.40
Specific Purpose	15.19	12.63	10.95	12.22	9.82	14.59
Federal	0.50	0.52	1.32	0.46	1.14	0.43
Provincial	14.69	12.11	9.64	11.75	8.68	14.16
Total^b	100.00	100.00	100.00	100.00	100.00	100.00

Source: Municipal revenue data comes from CANSIM II Local General Government Revenue and Expenditure. Table 385004

Notes:

- a) Deflated using the Canada Consumer Price Index.
- b) Percentages may not sum to sub-totals or total due to rounding.

Municipal governments obtain most of their revenue from sources that they control themselves; that is, own revenues. Looking at 2001, own revenues provided 87 percent of municipal revenues. Property and related taxes is the major source of own revenues accounting for half of them. Real property taxes are the major source of taxes and provided 27 percent of total revenue. Property related taxes (lot levies, special assessments, grant-in-lieu of taxes for public property, business taxes, and other) account for the rest of the property and related taxes. Revenue from sales of goods and services represents one-third of own revenues and investment income is most of the remainder.

Transfers from other governments account for the remainder (i.e., the nonown-revenue portion) of municipal revenue. Transfers were 13 percent of revenues in 2001. Transfers from the federal government, about 0.5 percent of total revenue, make only a tiny contribution and are designated for specific purposes. Provincial transfers are obviously the more important of the two sources and provided about 12.5 percent of total revenues in 2001. Provincial transfers are almost entirely for specific purposes (i.e., are conditional). General or unconditional grants amounted to only 6.3 percent of provincial transfers to the municipalities.

Although in absolute amount the revenues of Alberta municipalities are larger, the distribution of municipal revenue sources in Alberta is similar to the Canada-wide average. Transfers are a slightly smaller share of revenues in Alberta (13 versus 17 percent) and so own-source revenues are correspondingly larger. Within own-source revenues, sales and investment income are somewhat above the Canadian average while property and related taxes are a rather lower share (at 43 percent versus 52 percent) of total revenues.

The trend in transfers over the 1988-2004 period has been the defining factor in municipal finance in Alberta. Up to 1992 in our data, transfers provided almost 22 percent of revenue. By 1996 they had dropped to 12.6 percent and, by 2004, had decreased to 10.4 percent. General purpose grants were essentially wiped out and specific purpose grants cut. This reduction in basically provincial funding put a significant extra financial burden on the municipalities (effectively shifting about 10 percent of municipal funding from the province to the municipalities).³⁰ The transfer cut resulted from the provincial deficit reduction and elimination efforts that began in 1993 and 1994.³¹ Thus, part of the burden of eliminating the provincial deficit was borne by the municipal governments. Despite the end of the deficit and the emergence of provincial surpluses, provincial grants had not displayed any relative recovery as of 2004. However, as will be discussed below, that recovery begins in 2005.

How did municipalities respond to the cut in transfers? How did they manage to maintain real per capita expenditures? Although the decline in debt service charges gradually softened the blow, the municipal response was to control spending and to raise property taxes. Few categories of own revenue show any increase from 1988 to 2004. While the percentage of total revenue from sales did increase, it is really no larger a share of own revenues. The real increase in own revenues came from higher real property taxes that went from 21.3 to about 30 percent of total revenue or from about 27 percent to 34 percent of own revenue. Property taxpayers most directly felt the burden of efforts to maintain municipal spending and services.

Trends in Municipal Finance and Reflections on Fiscal Capacity

Recent years have seen considerable attention directed to the fiscal condition of Canadian municipalities.³² Much of that has expressed concern about municipalities, and cities especially, being squeezed fiscally between downloaded responsibilities, rising expectations and a slowly growing tax and revenue base. In this section, various fiscal indicators of Alberta municipalities are examined to obtain further insight into the basis for these concerns.

The cut in provincial transfers and the more gradual decline in debt servicing costs have been noted but deserve mention again in this context. Debt charges fell from 17.4

³⁰ Federal grants increased in importance briefly in the mid-1990s and were then as quickly reduced. However, they showed some recovery again (to just over one percent of municipal revenue) by 2004.

³¹ Municipalities in other provinces experienced similar reductions during the 1990s for similar reasons. See McMillan (2004, 2006).

³² Much of the expression of these concerns has come from the provincial and national municipal associations. More independent views are found in numerous publications. Popular sources include the C.D. Howe Institute (Kitchen, 2000), the Canada West Foundation (Gibbons et al, 2004; Vander Ploeg, (2001 and 2002), the TD Bank Financial Group (2002, 2004). For a broader discussion see Boothe (2003), Canadian Tax Foundation (2002), Kitchen and Slack (2003) and McMillan (2004).

percent of total expenditures in 1988 to 5.7 percent in 2004, a reduction that gradually released up to over 11 percent of funds for other purposes. The cut in transfers came more abruptly with transfers falling from 21.4 percent to 11.3 percent of revenues between 1992 and 1996. The lower level of transfers continued pretty much maintaining the approximately 10 percent reduction in funding. Thus, any “fiscal dividend” that municipalities might have realized from lower debt servicing cost was essentially captured by or shifted to the provincial government leaving municipalities no better off.

Table 5 shows municipal expenditures relative to various economic indicators. GDP is one of those but, because of its sensitivity in Alberta to volatile energy prices, it is not as useful as typically the case. Hence, personal income serves as a more stable indicator of economic base and as a determinant of municipal fiscal capacity. Further, because the major municipal tax, the property tax, and prices of services sold come from disposable income (income net of provincial and federal income taxes), disposable income is also used as an indicator.

Table 5. Trends in Municipal Expenditure, Alberta

	1988	1992	1996	2001	2004
Total Expenditure (millions \$)	3,217.350	3,885.079	3,737.509	4,983.024	5,755.713
Constant (2001) dollars Per Capita ^a	1697	1698	1445	1629	1671
Total Expenditure as a Percentage of:					
GDP	5.03	5.18	3.79	3.29	3.07
Personal Income	6.83	6.59	5.58	5.10	5.18
Personal Disposable Income	8.55	8.42	7.28	6.61	6.69
Program Expenditure (millions \$)	2,656.650	3,327.974	3,260.527	4,645.282	5,427.879
Constant (2001) dollars Per Capita ^a	1401	1454	1265	1519	1575
Program Expenditure as a Percentage of:					
GDP	4.15	4.44	3.31	3.07	2.89
Personal Income	5.64	5.64	4.87	4.76	4.88
Personal Disposable Income	7.06	7.21	6.35	6.16	6.31
Municipal Program Expenditure as a Percentage of Consolidated Provincial and Local Program Expenditure	16.21	16.10	19.05	15.79	16.00
Capital Expenditure					
Percentage of Total Expenditure	19.35	19.95	19.66	27.86	26.73
Constant (2001) Dollars ^a	328	339	294	454	447
Percentage Transfer Funded	31.06	24.37	29.47	31.09	23.08
Constant (2001) Dollar Transfers	102	83	84	141	103
Current Expenditure					
Percentage of Total Expenditure	80.65	80.05	80.34	72.14	73.27
Constant (2001) Dollars Per Capita ^a	1,369	1,359	1,161	1,175	1,224
Percentage Transfer Funded	19.11	21.68	10.41	8.07	6.45
Constant (2001) Dollar Transfers	263	295	121	95	79

Notes:

a) Deflated using the Canada GDP Implicit Price Index.

Total municipal expenditures were relatively constant in the early and mid-1990s but then resumed their growth. In part, this reflects economic conditions. Unemployment was relatively high from 1988 to 1996 and then began a gradual decline to current levels.

Similarly, real incomes (note real disposable income) were stagnant until the late 1990s.³³ Although real per capita total expenditure was relatively constant during that time, total expenditures showed a notable drop relative to incomes by 1996, continued to decline further by 2001, and appears to have levelled off by 2004.³⁴

Programme expenditures provide a better indication of the level of services. Per capita real programme expenditures fell sharply between 1992 and 1996 but recovered by 2001. Between 1988 and 2001, real programme spending per capita has been relatively constant and only with indications of modest growth in the 2001 and 2004 numbers. Relative to incomes, programme spending dropped in 1996 and plateaued at those lower levels. The numbers suggest that programme spending relative to incomes was 12 to 15 percent lower than in the 1988 to 1992 period.

Has municipal programme spending changed relative to consolidated provincial and local programme expenditure? In particular, has municipal government grown relative to total sub-national sector expenditure in Alberta, perhaps due to added responsibilities? The data in Table 5 indicate that municipal government is the same size relative to consolidated provincial-local government in 2004 as in 1988. There was a temporary increase in 1996, reflecting mostly the substantial reduction in provincial spending, but, otherwise, the municipal share has been relatively constant.

Capital spending has turned around since 2000. An examination of municipalities' capital outlays shows an upward adjustment and actual growth since 2000. From 1989 to 1998, capital expenditures showed no growth. That trend paralleled total spending and over those years capital expenditures amounted to 20.6 percent of total spending. From 2000 to 2004, however, capital spending was 25.7 percent of total expenditures.³⁵ To the extent that some infrastructure deficit may have accumulated, as many argue, this shift in spending may be indicating some effort to address that problem.

Unlike capital outlays, current (or operating) expenditures have declined. Real per capita current expenditures fell from \$1369 in 1988 to \$1224 in 2004 with a \$198 per capita (14.6 percent) drop occurring between 1994 and 1996. The cut in transfers was essentially entirely to those supporting operating expenditures. They fell from \$263 to \$79 real dollars per capita between 1988 and 2004. Operating transfers dropped from 21.68 percent of operating expenditures in 1994 to 10.41 percent in 1996 and slipped further to 6.45 percent in 2004. Meanwhile, transfers supporting capital expenditures, while fluctuating, have more or less been maintained. Over the 1988-2004 period, capital expenditures actually increased but current expenditures fell largely in parallel with operating transfers.

The own-source revenue side of the picture is reported in Table 6. In nominal terms, total and per capita own revenues have shown relatively steady growth as own revenue increased from 78 percent to almost 90 percent of municipal budgets. In constant dollar terms, the growth has been more erratic.³⁶ Real per capita own revenue increased only in

³³ The unemployment rate and per capita personal incomes are reported in Table 6.

³⁴ Note the sharper decline relative to GDP (than to personal incomes) with recovery of the energy sector and energy prices.

³⁵ The increase in capital outlays does not appear to be due to more rapid population growth since 2000. The population growth rates in the two periods are essentially the same. However, GDP growth accelerated. For example, during the three years 1999 to 2001, GDP increased 40.8 percent.

³⁶ Municipal revenues are deflated using the Canada CPI (Consumer Price Index) because municipal taxes and prices of municipal sales reflect forgone consumer products. Using the Alberta CPI results in small differences at

1996 and again in 2001 increasing from about \$1,378 to the \$1,550 plus range. However, as a percentage of personal income and personal disposable income, other than for a blip in 1996 reflecting the shock of the sharp cut in transfers, own revenue is at or below earlier levels in part due to the recent growth in real incomes. Thus, data for 2001 and 2004 indicate that own-source revenue, although larger absolutely and as a component of municipal budgets, is not a greater burden as a share of income.

Table 6. Absolute and Relative Levels of Own-Source Municipal Revenues, Alberta, 1988-2004

	1988	1992	1996	2001	2004
Own-Source Revenue (millions \$)	2,449.959	3,072.869	3,666.394	4,830.172	5,397.638
Per Capita Own-Source Revenue (\$)					
Nominal	998	1,166	1,319	1,579	1,686
Constant (2001) Dollars ^a	1,378	1,377	1,461	1,579	1,552
Own-Source Revenue as a Percentage of:					
Total Revenue	78.05	78.07	87.39	87.00	89.53
GDP	3.83	4.10	3.72	3.19	2.88
Personal Income	5.21	5.21	5.48	4.95	4.86
Personal Disposable Income	6.25	6.66	7.14	6.41	6.27
Per Capita Personal Disposable Income (\$)					
Nominal	15,332	17,520	18,508	24,658	26,884
Constant (2001) Dollars	21,046	20,436	20,343	24,658	24,755
Unemployment Rate	8.0	9.5	7.0	4.7	4.6

Notes:

a) Deflated using the Canada CPI.

Property taxes, the major source of own revenue, have become more burdensome. Information on real property taxes, the part of property and related taxes that is most obvious to most taxpayers, is provided in Table 7. Constant dollar per capita real property taxes rose sharply in 1996 and have been relatively stable since then. Between 1988 and 2001, there was a 46 percent increase with most of that coming between 1992 and 1996. As a portion of personal income, the large increase in 1996 was softened by income growth in the subsequent years. The same is true for property taxes as a share of personal disposable income but this relative burden is still higher than in 1988 for example. While real property taxes represented 2.53 percent of personal disposable income in 1996, 42 percent higher than in 1988, that ratio dropped to 13 percent higher in 2001 and initial estimates for 2004 put it 20 percent above the 1988 level. Thus, while the municipal property tax burden has increased for the Alberta taxpayer, the burden relative to income has been moderated by income growth and to some extent by federal and provincial income tax reductions.

most.

Table 7. Absolute and Relative Levels of Real Property Taxes of Alberta Municipalities 1988-2004

	1988	1992	1996	2001	2004
Real Property Taxes (millions \$)	670.224	915.319	1,301.332	1,519.371	1,835.362
Real Property Tax Per Capita (\$)					
Nominal	273	347	466	497	573
Constant (2001) Dollar ^a	377	410	516	497	528
Real Property Taxes as a Percentage of:					
Total Revenue	21.35	23.25	31.02	27.27	30.46
GDP	1.05	1.22	1.32	1.00	0.98
Personal Income	1.42	1.55	1.94	1.55	1.65
Personal Disposable Income	1.78	1.98	2.53	2.01	2.13

Note:

a) Deflated using the Canada CPI.

The concern for the property tax burden is not exclusively with respect to municipal property taxes. Over the 1988 to 2004 period in Alberta, there were also local and then provincial property taxes in support of schooling. It is useful to also examine the overall property tax burden (Table 8). Looking at the per capita constant dollar consolidated provincial and local property taxes, the amount was \$959 in 1988 and \$1026 in 2004. Other than for an upward blip in 1996, the real per capita amount has essentially been constant since 1992. The burden relative to incomes, however, has declined somewhat as it is lower (for both personal income and disposable income) in 2001 and 2004 than in any of the earlier years. Notable is that the share of the total property tax burden represented by municipal taxes has increased – from about 40 percent to 50 percent. Since the province assumed responsibility for school finance, the school share of the property tax burden has diminished.

Table 8. Absolute and Relative Levels of Consolidated Provincial and Local General Property Taxes in Alberta, 1988-2004

	1988	1992	1996	2001	2004
Consolidated General Property Taxes (millions \$)	1704	2316	2847	3124	3570
Consolidated Property Taxes Per Capita (\$)					
Nominal	694	879	1020	1021	1115
Constant (2001) Dollar ^a	959	1037	1129	1021	1026
Portion Municipal	0.39	0.39	0.46	0.49	0.51
Consolidated Property Taxes as a Percentage of:					
GDP	2.67	3.09	2.89	2.06	1.90
Personal Income	3.62	3.93	4.25	3.20	3.21
Personal Disposable Income	4.53	5.02	5.54	4.14	4.15

Note:

a) Deflated using the Canadian CPI.

One perhaps obtains a better perspective on the total property tax burden by taking a longer perspective. Looking back to 1965 and 1970, consolidated provincial and local property taxes amounted to about 7.6 percent of personal disposable income in Alberta. Expanding provincial support to schools reduced that to 4.7, 4.0 and 3.9 percent in 1975, 1980 and 1985 respectively. Thus, 40 years ago, property taxes certainly did impose a considerably larger burden on incomes but that burden diminished markedly in the

1970s and 1980s. However, the levels since 1988 exceed what they did in the previous decade. That, plus the particularly high burden of the property tax during the mid-1990s, probably helped promote the concern within Alberta for the property tax burden and the provincial government to constrain the school tax.

In summary, municipalities managed to maintain, but only maintain, real per capita programme spending throughout the 1990s despite the cut in provincial transfers. However, expenditures, and particularly programme expenditures, declined as a share of personal incomes. Thus, relatively less of personal income was being spent on municipal services by 2004. While real per capita expenditures were relatively constant for most of the period, capital expenditures have become relatively more important (increasing from just under 20 percent in 1988 to 26-27 percent in 2004). Operating expenditures have also fallen in real per capita terms. In order to maintain real per capita expenditures, real per capita own-source revenue increased absolutely as transfers fell but ended up being relatively constant in comparison to personal incomes thanks to rising incomes (especially post 1999). Municipal property taxes, however, rose absolutely and relative to disposable income after the reduction in provincial transfers. However, the total real property tax burden in Alberta declined following the provincial takeover of school finance and school property taxation. A result was that the municipal portion of the total property tax increased.

The cut in provincial transfers exerted fiscal pressure on Alberta's municipalities. While real expenditures (and perhaps services, or operations) were maintained, municipal taxpayers experienced higher property taxes and a somewhat larger property tax burden. Maintaining expenditures and achieving the tax increases to do so was a challenge for the municipalities because of the economic doldrums of the time and the deficit fighting stance of the provincial government. The constant share of municipal expenditures relative to consolidated provincial and local expenditures suggests that any perceived off loading of expenditure responsibilities was small. Rather, the real off loading by the province was on the financial or revenue side with the cut in transfers forcing municipalities to become more reliant upon own revenues. It is only since 2001 that there is evidence of some resurgence of real municipal expenditures and, notably, with a greater share of outlays going to capital.

While municipal governments have experienced difficult times, especially over the past decade or so, there are some positive signs. Statistics Canada does not provide data on the financial assets and liabilities of municipal government but it does report that information for local governments. Given that municipal government undertakes about 88 percent of local capital spending, it is reasonable to assume that municipal governments hold the dominant shares of both. The excess of financial liabilities over financial assets of Alberta's local governments peaked in 1988 (at \$3,837 per person) and has declined since. In fact, assets have exceeded liabilities from 2000 and as of 2002 (the latest year for which data is available) amounted to \$774 per capita. Data from Alberta municipal statistics reveal comparable patterns (Alberta Urban Municipalities Association, 2006, Appendix C). That data shows that municipal long-term debt in 2004 is 57 percent of what it was in 1990. Per capita debt has declined from \$1,689 to \$755. In real per capita terms, municipal long-term debt is now one-third the 1990 level. Meanwhile, financial assets have increased. Notably, 2004 reserves are almost four times those in 1990 and, at \$949 per capita, now exceed long-term debt by a healthy margin. This dramatic turnaround in financial position suggests that (collectively) municipal governments are

less fiscally disadvantaged than sometimes claimed and are better positioned to address municipal operating and capital needs than often suggested.

The Evolving Transfers

It is useful to examine in more detail the transfers that municipal governments receive from the federal and provincial governments. The distribution of the federal grants across functional areas is given in Table 9. Recall that federal transfers are small and highly variable. Over the five years reported, the per capita amount to Alberta municipalities has ranged from \$6.42 to \$21.43. Not only is the aggregate funding variable but the allocation among functional areas fluctuates greatly over the years. For example, the percentage devoted to municipal transportation projects in Alberta has varied from 8 to 58 percent of the total allocation. For housing, it has ranged from 8 to 39 percent. Other areas (e.g., social services, environment, recreation) show similar variations. Some of the variation by functional area may reflect the projects undertaken by Alberta municipalities but that is unlikely to be the major reason. Table 10 shows that the only expenditure category to which federal grants make a substantial overall contribution is housing and since 1988, that contribution has slipped from 70 percent of outlays to about 7 percent. Federal grants may, however, contribute importantly to specific small programmes. The fluctuations in the aggregate level of federal funding and the shifting of programme priorities suggests that, while occasionally affording important dollars for selected activities, federal grants are an unreliable and not a sustained source of funding for municipal programmes.

Table 9. Allocation of Federal Specific Purpose Transfers to Alberta Municipalities

	1988	1992	1996	2001	2004
	(Percent)				
General Services	1.24	2.27	3.15	1.43	5.43
Protection of Persons and Property	3.80	2.12	9.56	0.94	10.76
Transportation and Communication	14.18	27.61	57.62	53.41	7.71
Health	— ^a	0.00	0.17	0.23	0.04
Social Services	18.92	26.34	10.10	7.44	4.75
Resource Conservation and Industrial Development	1.07	2.97	0.50	1.46	4.21
Environment	16.95	5.34	10.34	10.55	11.13
Recreation and Culture	3.24	2.08	6.94	3.53	37.38
Housing	39.07	30.91	9.95	20.78	7.73
Regional Planning and Development	1.53	0.36	0.26	0.24	0.04
Debt Charges	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	10.84
Total ^b	100.00	100.00	100.00	100.00	100.00
Dollars Per Capita					
Nominal	6.42	7.74	19.87	8.28	21.43
Real (2001) Dollars ^c	8.87	9.14	22.00	8.28	19.73

Notes:

- a) Negligible.
- b) May not sum exactly due to rounding.
- c) Deflated using the Canadian CPI.

Table 10. Federal Specific Purpose Transfers as a Percentage of Category Expenditures of Municipalities, Alberta. 1988-2004

	1988	1992	1996	2001	2004
	(Percent)				
General Services	0.08	0.12	0.46	0.07	0.58
Protection of Persons and Property	0.16	0.09	0.10	0.05	0.03
Transportation and Communication	0.24	0.50	3.18	0.98	0.36
Health	0.003	0.00	0.16	0.07	0.02
Social Services	4.94	6.53	7.79	2.43	3.24
Resource Conservation and Industrial Development	0.19	0.68	0.25	0.34	1.73
Environment	0.71	0.23	1.14	0.33	0.91
Recreation and Culture	0.12	0.08	0.76	0.12	3.05
Housing	70.25	39.77	29.88	14.46	6.53
Regional Planning and Development	0.30	0.07	0.17	0.04	0.02
Debt Charges	0	0	0	0	0
Other	0	0	0	54.65	3.30
Total Federal Specific Purpose Transfers as a Percentage of Municipal Total Expenditure	0.50	0.52	1.32	0.46	1.14

The distribution of provincial specific purpose grants is reported in Table 11. Before looking at that, recall that specific purpose transfers were cut less severely than general purpose grants during the 1990s. General purpose or unconditional transfers, which provided over nine percent of municipal funds in 1992, virtually disappeared. The functional allocation of provincial transfers is relatively stable. Transportation gets the largest share in all years. Environment and recreation/culture continuously get significant shares of the funds and these three regularly account for more than half the total.³⁷ The portion going towards debt charges has declined because municipal debt has shrunk. The reduction in the share going to social services reflects a policy choice. Clearly, given reduced funding, transportation has been a priority as its share actually increased after the reduction in transfers.

³⁷ We are somewhat suspicious of the low share reported for environment under the preliminary 2004 numbers.

Table 11. Allocation of Provincial Specific Purpose Transfer to Alberta Municipalities

	1988	1992	1996	2001	2004
	(Percent)				
General Services	0.57	0.99	2.49	1.42	2.11
Protection of Persons and Property	0.93	0.76	1.50	0.97	4.97
Transportation and Communication	40.59	41.38	52.23	61.42	52.21
Health	0.05	0.03	0.30	0.26	0.09
Social Services	20.62	22.88	6.41	6.71	11.32
Resource Conservation and Industrial Development	7.48	6.20	6.31	4.57	5.94
Environment	9.68	7.64	9.53	14.01	2.78
Recreation and Culture	10.23	12.26	10.69	7.29	14.29
Housing	1.59	1.33	1.04	2.02	3.74
Regional Planning and Development	0.85	0.43	0.45	0.20	na ^b
Debt Charges	7.36	5.83	9.04	1.12	1.09
Other	0.30	0.27	0.00	0.00	na ^b
Total ^a	100.00	100.00	100.00	100.00	98.54
Dollars Per Capita					
Nominal	187.00	181.00	145.00	213.00	163.00
Real (2001) Dollars ^c	258.00	214.00	161.00	213.00	150.00

Notes:

a) May not sum exactly due to rounding.

b) Not available.

c) Deflated using the Canadian CPI.

Provincial transfers make important contributions to some areas of municipal spending. Over the years, it seems to fund about 20 percent of outlays for transportation and in the order of 10 percent of that for recreation and culture and for environmental services (Table 12). It also has accounted for a substantial share of resource conservation and development outlays - from about 20 to 40 percent depending upon the year. Although spending in those areas by Alberta municipalities is small, provincial transfers cover a substantial, but quite variable, share of the outlays for social services and housing. Perhaps strangely, the numbers for some years for both (if the federal contributions for housing are included) suggest that the transfers exceeded expenditures.

Table 12. Provincial Specific Purpose Transfers as a Percentage of Category Expenditures of Municipalities, Alberta 1988-2004

	1988	1992	1996	2001	2004
	(Percent)				
General Services	1.0	1.3	2.7	1.7	1.7
Protection of Persons and Property	1.1	0.7	1.1	0.9	2.8
Transportation and Communication	19.9	17.5	21.1	29.1	18.5
Health	0.6	0.3	2.1	1.9	0.5
Social Services	157.6	132.7	36.2	56.5	58.9
Resource Conservation and Industrial Development	39.1	33.3	23.4	21.4	18.6
Environment	11.8	7.7	7.7	11.5	1.7
Recreation and Culture	11.0	11.1	8.5	6.3	8.4
Housing	83.5	40.0	22.8	36.1	24.1
Regional Planning and Development	4.9	1.9	2.3	0.9	na ^a
Debt Charges	6.1	5.0	7.7	2.2	1.7
Other	1,078.5	1,165.8	0	0	na ^a
Total Provincial Specific Purpose Transfers as a Percentage of Total Municipal Expenditure	14.69	12.11	9.64	10.49	11.34

Notes:

a) Not available.

Why does the importance of specific purpose transfers differ among expenditures areas? The theory of fiscal federalism argues that major reasons for conditional transfers are (a) externalities (i.e., spillovers) and (b) the grantor government effectively contracting services from the recipient government because the latter is better able to deliver the particular service while the grantor is better suited to fund it. The degree of externalities can be expected to vary among services so one could expect services with externalities to have transfers of varying importance. Transfers for transportation might be motivated and reflect spillovers benefits of services to non-residents (i.e., non-payers). Interestingly, policing, a service that might be expected to also generate important benefit spillovers, gets minimal and uneven support in Alberta. While the province pays for policing in rural areas and in small urban municipalities (under 2,500 but recently increased to 5,000),³⁸ there is (now, since 2005) essentially very limited provincial subsidy for policing in larger communities.³⁹ The abrupt, and arbitrary cut-off, created inequities in policing costs among (often neighbouring) communities of similar size. The apparent overlooking of policing spillovers and the abruptness of imposition of police costs, made transfers for policing one of the areas in need of re-examination.⁴⁰

³⁸ Municipalities may supplement the RCMP contracted for by the Province.

³⁹ The province pays 70 percent of the cost of the RCMP services in the province and the federal government pays 30 percent. The province pays the provincial share for rural and small municipalities. For the larger towns and villages contracting with the RCMP for service, the federal share can vary depending upon population. Pre-2005, they also received a \$16 per capita policing grant. A 2002 analysis found that the average cost of policing in Alberta municipalities was \$117 per person. Municipalities providing their own police forces got no subsidy.

⁴⁰ The provincial-municipal police funding arrangements were modified in 2005. The province raised the minimum population for provincial funding from 2,500 to 5,000 and modified the police grant so that the per capita amount is graduated with population. Those municipalities with a population just over 5000 persons receive a grant of about \$48 per capita, at 10,000 about \$28, at 20,000 about \$18 and \$16 per capita for those over 100,000. For the larger municipalities, the police grant remains modest relative to policing cost. Also, even under the new arrangements, the budget jolt for municipalities at 5000 persons is substantial.

Particularly, certain recreational and cultural services and certain environmental expenditures may have some externalities associated with them that warrant the modest level of provincial funding.⁴¹ The relatively large contributions of transfers to social services and (social) housing result because social programmes such as these, being largely redistributive, are not well suited as municipal responsibilities. Hence, major provincial contributions are particularly appropriate and for, certain types of social services, delivery by local authorities works best. The municipal role in both the delivery and funding of social services in Alberta is relatively minor.

Grants are also provided for other economic reasons. Those are to help close a fiscal gap and to reduce fiscal disparities among recipient governments. Clearly, the cutting of provincial grants generally and of general purpose or unconditional grants in particular suggests that the province did not see or reduced the priority it gave to any perceived differential between (across the board) municipal expenditure need and revenue generating ability (i.e., possible fiscal gap). In addition, whereas the unconditional funding did have fiscal capacity as a criterion, after the reforms in the early 1990s, that disappeared and what was left of those funds was allocated on a simple per capita basis. Hence, efforts towards using unconditional funding to reduce fiscal disparities (i.e., to equalize) among municipalities were removed.^{42, 43}

New Developments in Municipal Finance

Just as the reduction in transfers was the defining feature of municipal finance in the 1990s, transfer growth can be expected to be the defining feature of municipal finance in Alberta during the first decade of this century. First, we are witnessing a substantial turnaround in federal transfers to all Canadian municipalities as a result of the Paul Martin government's "new deal" for municipalities. The initial move came with the 2004 federal budget that provided municipalities with full (versus the partial 57 percent) relief from the federal GST. This measure was estimated to provide Canadian municipalities with \$580 million in sales tax relief in its first year. That amount translates to just over \$18 per capita but the benefit will continue and will grow annually with expenditures. Although \$18 per capita is only one percent of per capita municipal expenditures, it is naturally welcomed. While a continuing legacy, because the benefit is not an explicit transfer, it will soon be lost from sight and unrecognized.

The second phase of the federal initiative came with the announcement of the "New Deal for Cities and Communities" programme in the 2005 federal budget. It is to provide \$5 billion in funds for municipalities over the next five years starting with \$600 million in 2005-06. \$600 million translates to about \$18.75 per capita. Combined, these two new sources of federal funds represent about two percent of municipal expenditures for Alberta municipalities and a slightly higher percentage for

41 Environmental services have a strong element of polluter/user pay associated with them. That is, that where feasible the generators of liquid and solid should pay the cost of treatment and disposal.

42 Some specific purpose grants have special provisions for small municipalities that permit them to receive relatively larger (as opposed to per capita, for example) amounts that might reflect and offset fiscal disadvantages. That, however, is only one possible cause of fiscal disparities among municipalities.

43 A new special programme has somewhat modified this situation. In 2003, the province introduced a targeted assistance programme benefiting 18 fiscally needy rural municipalities. In 2005, that programme was extended to 82 towns and villages. The total funding is five million dollars. The grants are unconditional.

municipalities in most other provinces and that percentage may increase somewhat over the five-year term (assuming that the Harper government does not introduce changes). This new money is a huge increase from past levels of federal support (e.g., \$6.50 per capita for Canada and \$8.28 in Alberta in 2001) and is in addition to existing federal funds. In addition, it appears that it has the potential to be much more sustained and reliable funding than past federal transfers. This new federal money offsets a notable chunk (perhaps amounting to one-third overall) of the collective percentage reduction in provincial transfers during the 1990s. The accepting response of the provinces to this significant (economic and political) initiative in an area of provincial jurisdiction very likely reflects that most provinces see the federal funds as providing important benefits to the provincial governments by easing municipal demands for expanded provincial grants. Even Alberta was quick to sign a new deal agreement.

The economic situation in Alberta is quite different now than when the cuts in transfers were introduced. For several years, the energy sector and the economy more generally have been vibrant if not booming, increasing energy prices have fuelled provincial surpluses, and the provincial government has been declared debt free. Given the new provincial bounty and faced with demands for provincial assistance in dealing with a municipal infrastructure deficit and the infrastructure demands of a rapidly growing economy plus a rather disgruntled electorate, the Klein government promised to embark on a five-year programme to transfer \$600 million annually to Alberta's municipalities for infrastructure development. That programme was implemented with the 2005 budget with funds largely being allocation on the basis of population. \$600 million annually converts to about \$185 per capita in 2005. This increment more than doubles the level of per capita provincial transfers in recent years and approximately doubles it in real per capita terms. Also, assuming other transfers are maintained, provincial transfers as a percentage of municipal budgets will grow to something under 20 percent; almost back to the early 1990 levels. The provincial government has also assumed responsibility for police services to communities up to 5000 persons, up from the previous 2500. However, as noted previously, the province's plans to shift responsibilities for ambulance services from municipalities to the provincial health authorities was aborted at the last minute (and at considerable inconvenience to the municipalities) when initial costs were seen to balloon beyond the expected \$55 million to \$128 million. The province is now re-examining that shift in responsibility.

The province's economy and the provincial finances continue to excel. Under the new leadership of Premier Ed Stelmach, the province introduced major new grants for municipalities in its 2007-08 Budget. Foremost was the ten year Municipal Sustainability Initiative that is to provide \$400 million in 2007-08 primarily for core and community sustainability infrastructure. That programme would expand to \$500 million in 2008-09, and \$600 million in 2009-10. These funds are in addition to the Klein government's five year \$600 million annually Alberta Municipal Infrastructure Programme. At the end of that programme, the Stelmach government's Municipal Sustainability Initiative is to ramp up to \$1.4 billion per year in 2010-11. These projections assume that provincial revenues permit the anticipated levels of funding. Beginning in 2008-09, these monies are being distributed with a first call being per community base amounts but with the "large majority" to be allocated with 48 percent

per capita, 48 percent according to education property tax requisitions, and four percent based on local road kilometers. In addition, more provincial funding was announced for municipal water and wastewater investments. Clearly, if provincial revenues continue to at least be maintained, Alberta municipalities will realize a massive transfer programme to support municipal infrastructure that will, in turn, indirectly assist other areas of municipal spending.

Municipal Finances by Municipal Class

The financial data reported upon in this section come from the Municipal Financial Information System maintained by Alberta Municipal Affairs. Although these data are the source for Statistics Canada's calculations, the data are not directly comparable to data from Statistics Canada's Financial Management System, which is designed to provide consistency in reporting financial data across provinces. Note too that the years reported here differ slightly from those in the early section and, in particular, end as of 2001. While more recent data would be interesting, the bulk of the impact of the new provincial grant initiatives will only be evidenced in data that is yet to be reported.

Expenditures

Per capita real (2001) dollar outlays are shown in Table 13.⁴⁴ Outlays for operations, capital additions and, their sum, total outlays are reported. Note initially that especially in recent years that the largest per capita spending is found in the two major cities, Calgary and Edmonton, and in the rural municipalities (the counties and municipal districts). The per capita expenditures of other cities are about 80 percent of the Calgary-Edmonton level, towns at about 70 percent and villages at 67 percent. Between 1988 and 2001, spending in Calgary and Edmonton especially, but also that of the other cities and the towns declined, was lowest in 1996 and then recovered, though not fully by 2001. In the rural municipalities, however, real per capita expenditures grew consistently and were 30 percent larger in 2001 than in 1988.

⁴⁴ Unlike previously, the adjustment for price change is made using the Alberta Consumer Price Index.

Table 13. Patterns of Municipal Expenditures (per capita real 2001 dollars), by Municipality Type, Alberta, Selected Years^{a, b}

Municipality Type	Operating				Capital				Total			
	1988	1991	1996	2001	1988	1991	1996	2001	1988	1991	1996	2001
Calgary	1,642.8	1,466.8	1,206.4	1,283.8	318.5	339.2	332.6	572.3	1,961.3	1,806.0	1,538.9	1,856.2
Edmonton	1,702.0	1,750.4	1,372.9	1,267.1	622.2	438.1	350.3	654.6	2,324.2	2,188.4	1,723.3	1,921.6
Other Cities	1,222.1	1,219.4	1,090.1	1,131.4	367.9	327.9	251.7	419.0	1,590.0	1,547.3	1,341.8	1,550.5
Towns	1,016.6	998.1	972.2	964.0	354.8	314.4	290.2	391.3	1,371.4	1,312.5	1,262.4	1,355.4
Villages	877.9	870.5	906.3	945.1	348.5	260.1	263.0	329.0	1,226.4	1,130.6	1,169.4	1,274.1
Co. & M.D. ^c	1,127.1	1,222.8	1,296.0	1,394.3	232.1	213.3	215.7	369.2	1,359.2	1,436.0	1,511.7	1,763.5
Total of All Municipalities ^d	1,399.5	1,388.3	1,211.5	1,225.3	388.2	335.5	300.9	503.9	1,787.7	1,723.8	1,512.4	1,729.2

Notes:

- a) Data is from the Alberta Municipal Financial Information System files. These data are not directly comparable with that of the Statistics Canada Financial Management System.
- b) Deflated using the Alberta Consumer Price Index.
- c) Counties and Municipal Districts.
- d) These number reflect those of all 364 municipalities. Ones not listed are Summer Villages, Improvement Districts, Metis Settlements, Special Areas, and Specialized Municipalities.

Operating and capital outlays follow roughly similar patterns. Of the four years reported, both types of expenditures were (almost always) lowest in 1996. Spending on capital additions has shown a substantial increase in all classes and overall (by two-thirds) after 1996 while operating outlays increased relatively little if at all. Although Edmonton's capital spending shows a large drop in the 1990s (and the greatest variation), it is still the highest of all the classes reported. Capital spending was relatively constant between 1988 and 1996 in the rural municipalities and in Calgary.

The allocation of expenditures across expenditure categories for 2001 appears in Table 14. Transportation expenditure is the largest category overall. It is especially important for the rural governments where it represents 60 percent of their outlays. In Calgary and Edmonton about one-third of the budget is for transportation while in the other municipalities it accounts for about one-quarter or a little less. Transportation is especially important in the capital budgets of all municipalities. Spending for environmental services are even relatively more important than that for transportation in the towns and villages where environment accounts for about one-quarter and one-third of expenditures respectively. Given the nature of police funding, the rural and small urban communities spend relatively little for protection in comparison to the cities. Protection takes about 20 percent of cities' budgets but only six to seven percent in the rural municipalities and the villages. The rural municipalities also spend relatively little on recreation while this is a relatively large (14 to 20 percent) component for their urban neighbours. In Calgary and Edmonton, the portion of spending on recreation is relatively smaller than in the smaller urban communities but the absolute amount is almost as large in Edmonton's case. General spending represents an unusually large (20 percent) share for rural municipalities. Spending for planning and development varies around the 5.1 percent mean but it is not obvious that it does so in a systematic way. Outlays for health and welfare services are low, averaging 1.9 percent overall, with the 1.1 percent levels in rural areas and (interestingly) in Edmonton standing out.

Table 14. Distribution of Municipal Expenditures by Function, by Municipality Type, Alberta, 2001

Municipality Type	General	Protection	Transportation	Environmental	Health and Welfare	Planning and Development	Recreation and Culture	Other
	(percent)							
Operating Expenditures ^a								
<i>Calgary</i>	14.2	27.0	22.4	14.6	3.5	7.0	11.3	0.0
<i>Edmonton</i>	13.7	30.6	24.2	10.3	1.7	4.8	14.8	0.0
<i>Other Cities</i>	13.4	25.2	16.7	18.7	2.9	4.7	18.2	0.3
<i>Towns</i>	16.0	15.7	16.3	23.1	3.5	6.4	18.8	0.2
<i>Villages</i>	26.3	7.6	20.2	26.8	2.4	2.4	14.0	0.4
<i>Co. and M.D. ^b</i>	13.0	5.9	63.9	5.5	1.3	6.3	3.7	0.4
<i>Total of all Municipalities</i>	14.2	22.3	28.5	13.7	2.6	5.9	12.7	0.1
Capital Expenditures ^c								
<i>Calgary</i>	8.1	3.0	53.9	24.1	0.0	3.1	7.8	0.0
<i>Edmonton</i>	2.9	1.9	45.0	37.2	0.0	3.7	9.2	0.0
<i>Other Cities</i>	5.4	6.8	46.6	20.9	0.1	0.9	19.4	0.0
<i>Towns</i>	3.0	5.0	33.9	32.0	0.3	4.4	21.1	0.3
<i>Villages</i>	3.1	6.3	26.6	45.1	0.6	3.0	15.2	0.1
<i>Co. and M.D. ^b</i>	4.5	5.7	46.9	32.0	0.0	2.1	8.7	0.0
<i>Total of all Municipalities</i>	5.2	3.9	47.5	29.2	0.1	3.1	11.1	0.0
Total ^d								
<i>Calgary</i>	12.3	19.6	32.1	17.5	2.4	5.8	10.2	0.0
<i>Edmonton</i>	10.0	20.8	31.3	19.4	1.1	4.4	12.9	0.0
<i>Other Cities</i>	11.2	20.2	24.8	19.3	2.1	3.7	18.5	0.2
<i>Towns</i>	12.2	12.6	21.4	25.7	2.6	5.9	19.5	0.2
<i>Villages</i>	20.3	7.2	21.8	31.5	2.0	2.6	14.3	0.3
<i>Co. and M.D. ^b</i>	11.2	5.9	60.3	11.0	1.1	5.5	4.7	0.3
<i>Total of all Municipalities</i>	11.6	16.9	34.0	18.2	1.9	5.1	12.3	0.1

Notes:

- a) Operating Expenditures by function, as a percent of total operating expenditures.
- b) Counties and Municipal Districts.
- c) Capital Additions by function, as a percent of total capital additions.
- d) Operating expenditures and capital additions by function, as a percent of total expenditures for each municipality.

Revenues

The revenue sources of the different types of municipalities are reported in Table 15 in both per capita constant dollar and percentage of revenue terms. The data shows total (federal and provincial) transfers falling from almost 21 percent of revenues in 1988 to 13.3 percent of revenues in 1996 and then increasing slightly to 14.2 percent in 2001. Interestingly, the timing of the transfer cuts varies by the type of municipality. Other cities lead the cuts with a drop from 29.4 to 20.7 between 1988 and 1991. The other urban municipalities experienced the major cuts between 1991 and 1996. For rural municipalities, however, the large cut as a percentage of revenue came between 1996 and 2001 with a drop from 29.2 to 23.6 percent although the constant dollar drop in transfer revenue was only about ten percent (from \$451 to \$410 per capita). The rural municipalities and the villages receive larger per capita amounts and a larger share of revenues as transfers than the larger urban municipalities – over 20 percent as opposed

to 10 to 15 percent.⁴⁵ The 2001 shares contrast to those in 1988 when the rural municipalities and villages got about one-third of their revenues in the form of grants, towns and other cities got 26 and 29 percent, and Calgary and Edmonton received 14 and 15 percent. In contrast to other types of municipalities, the rural municipalities had no drop in the percent contribution of specific purpose transfers to revenues during the study period. In fact, they grew slightly. However, rural municipalities suffered the greatest reduction (from 12.8 to 1.3 percent of revenues) in general purpose transfers. Operating grants for transportation dominate (approximately 70 percent) those to rural municipalities. In 2001, most of the transfers (over 60 percent) were to support capital spending but about 50:50 seems more typical across the years.

Table 15. Patterns of Municipal Revenue by Municipality Type, Alberta, Selected Years^a

	Percentage of Total Revenue				Per Capita Real (2001) Dollars ^b			
	1988	1991	1996	2001	1988	1991	1996	2001
	(percent)							
Total Transfers								
<i>Calgary</i>	14.0	14.3	8.8	13.4	268.8	266.3	138.3	261.8
<i>Edmonton</i>	15.0	12.4	7.6	9.9	302.5	242.8	131.9	168.6
<i>Other Cities</i>	29.4	20.7	13.1	12.5	522.2	319.4	177.5	193.4
<i>Towns</i>	25.8	22.2	17.2	14.3	380.5	292.5	228.3	196.1
<i>Villages</i>	34.6	32.5	21.1	21.5	470.5	407.8	259.6	282.0
<i>Co & M.D.^c</i>	32.3	31.9	29.2	23.6	471.7	470.7	450.7	409.6
<i>Total of all Municipalities</i>	20.8	18.1	13.3	14.2	366.7	307.1	205.1	242.9
Own Source Revenue								
<i>Calgary</i>	86.0	85.7	91.2	86.6	1,651.9	1,592.3	1,436.4	1,694.9
<i>Edmonton</i>	85.0	87.6	92.4	90.1	1,709.0	1,711.1	1,594.2	1,531.6
<i>Other Cities</i>	70.6	79.3	86.9	87.5	1,251.7	1,220.8	1,181.9	1,350.9
<i>Towns</i>	74.2	77.8	82.8	85.7	1,094.7	1,025.3	1,095.1	1,176.3
<i>Villages</i>	65.4	67.5	78.9	78.5	889.8	848.3	970.5	1,031.7
<i>Co & M.D.</i>	67.7	68.1	70.8	76.4	988.8	1,003.8	1,090.9	1,324.8
<i>Total of all Municipalities</i>	79.2	81.9	86.7	85.8	1,392.3	1,387.2	1,333.8	1,469.6
Property and Related Taxes								
<i>Calgary</i>	43.8	44.2	45.0	38.7	840.9	821.2	708.4	757.8
<i>Edmonton</i>	41.6	42.8	44.5	47.5	836.1	836.5	767.3	807.5
<i>Other Cities</i>	30.9	35.4	39.6	38.1	548.8	545.9	538.6	589.1
<i>Towns</i>	35.3	38.2	39.8	40.3	521.4	503.0	526.7	553.6
<i>Villages</i>	33.1	33.7	41.3	40.0	450.2	423.2	508.6	524.8
<i>Co & M.D.</i>	46.8	46.3	54.8	58.7	683.9	683.3	845.2	1,017.8
<i>Total of all Municipalities</i>	40.5	42.4	45.2	44.3	713.1	718.7	695.9	759.1
Real Property Taxes								
<i>Calgary</i>	29.0	29.0	31.7	27.2	557.7	538.9	498.8	531.9
<i>Edmonton</i>	25.3	24.2	32.3	32.7	509.2	473.1	557.5	555.8
<i>Other Cities</i>	26.8	31.2	35.7	34.5	474.9	480.5	485.1	533.4
<i>Towns</i>	28.5	32.8	35.3	36.2	420.7	432.0	466.6	496.4
<i>Villages</i>	28.4	29.7	38.2	38.5	385.7	372.6	470.0	505.7
<i>Co & M.D.</i>	45.4	44.5	53.7	57.7	663.2	656.0	827.7	1,000.0
<i>Total of all Municipalities</i>	29.9	30.9	36.7	35.8	526.0	523.4	565.1	613.5

⁴⁵ The relatively large 13.4 percent share in Calgary in 2001 appears to result from an unusually large recreation related transfer to Calgary in that year.

	Percentage of Total Revenue				Per Capita Real (2001) Dollars ^b			
	1988	1991	1996	2001	1988	1991	1996	2001
	(percent)							
Sales of Goods and Services								
<i>Calgary</i>	31.9	30.8	33.6	36.9	612.8	571.6	529.5	722.7
<i>Edmonton</i>	29.3	27.8	34.0	28.3	588.9	542.7	587.4	480.4
<i>Other Cities</i>	25.4	28.0	34.2	37.1	450.8	431.9	465.0	573.5
<i>Towns</i>	26.0	27.8	33.2	35.8	383.0	366.2	440.0	491.5
<i>Villages</i>	20.9	23.3	29.4	30.2	284.1	292.9	362.0	396.9
<i>Co & M.D</i>	7.3	7.4	5.7	6.9	107.2	108.8	88.6	120.3
<i>Total of all Municipalities</i>	25.6	25.2	29.2	29.9	449.6	427.6	449.6	511.5
Investment Income								
<i>Calgary</i>	5.3	5.4	3.0	3.4	102.6	100.8	47.5	67.2
<i>Edmonton</i>	1.6	2.2	6.7	9.6	32.3	42.8	114.8	163.7
<i>Other Cities</i>	4.6	5.0	4.4	3.6	82.4	77.4	59.2	56.3
<i>Towns</i>	5.6	4.7	3.4	3.7	83.3	62.5	45.2	50.6
<i>Villages</i>	4.2	4.7	2.6	3.2	56.9	58.5	32.3	41.8
<i>Co & M.D</i>	7.3	8.1	6.7	6.6	106.5	119.6	103.7	115.1
<i>Total of all Municipalities</i>	4.7	5.1	4.8	5.3	82.2	85.9	74.0	91.4
Other Revenue								
<i>Calgary</i>	3.4	3.9	7.9	5.6	66.2	72.0	124.4	109.8
<i>Edmonton</i>	11.6	13.8	6.1	3.1	233.8	270.4	105.0	53.1
<i>Other Cities</i>	8.5	9.7	7.1	6.4	150.3	149.7	96.0	98.7
<i>Towns</i>	6.0	6.2	4.7	4.2	89.0	81.9	62.5	58.1
<i>Villages</i>	6.7	5.6	5.3	4.8	91.5	70.9	64.6	63.1
<i>Co & M.D</i>	5.7	5.7	2.9	3.3	82.8	84.7	44.4	57.4
<i>Total of all Municipalities</i>	7.3	8.1	6.1	4.6	128.0	137.6	93.8	79.6

Notes:

a) Data is from the Alberta Municipal Financial Information System files. These data are not directly comparable with those of the Statistics Canada Financial Management System.

b) Deflated using the Alberta Consumer Price Index.

c) Counties and Municipal Districts.

When transfers are reduced, municipalities must rely more on own-source revenues. However, per capita real dollars of own revenue actually decreased ten percent in Edmonton relative to 1988, barely increased in Calgary, and increased modestly, seven to eight percent, in the other cities and the towns. Per capita real dollars of own revenue increased about 16 percent for the villages but by 34 percent for the counties and municipal districts where it rose from \$989 to \$1325 with most of that increase occurring between 1996 and 2001. The real dollar increase in own revenues was greatest for the rural municipalities (\$336 per capita) but the largest relative percentage increase (25 percent) was for the other cities.⁴⁶

Constant dollar per capita property and related taxes either decreased or increased relatively little over the 14 years for most Albertans. They actually fell in Calgary and Edmonton and, on average, rose slightly in the other cities and towns. They increased from \$450 to \$525 in the villages and, to a greater degree (almost 50 percent), from \$684 to \$1018 in the rural municipalities. As a share of revenues, property and related taxes

⁴⁶ Assuming that the 1988 figure is representative, other cities took the largest absolute and relative reduction in grants -- from \$522 in 1988 to \$193 in 2001.

increased in all types of municipalities but Calgary (the percentage reduction in the latter probably reflecting the unusually large transfers to the city in 2001). A simple average of the percentage point increase in property and related taxes to the municipalities outside of Calgary indicates a seven percentage point increase (from 37.5 to 44.5 percent of revenues). The greater relative burden of the property and related tax increase came to rest in all jurisdictions primarily on the real property taxes (and not the related taxes). This shift to real property taxes occurred even in Calgary and Edmonton where property related taxes are more important.

It is important to introduce a brief aside here on property taxes in Alberta and the differences between those in rural and urban municipalities. One might expect that property taxes in rural municipalities would be largely come from agricultural property. Such is not the case. Farm property (i.e., farmland) accounted for only 9.2 percent of property taxes in the rural municipalities and less than the five percent for all municipalities in 2001.⁴⁷ Residential property represents 17.6 percent of property tax revenues in the rural municipalities. In contrast, urban municipalities receive over half (56 percent) from residential property and another 40 percent from property taxes on other (non-residential and non-farm) land and improvements. In the rural municipalities, almost half of the property taxes, 48 percent, come from linear property with another 12.3 percent from machinery and equipment and a further 12.6 percent from other land and improvements. Much of the property included in those property types is associated with the energy industry. Supporting the importance of such a large share to rural municipalities from energy related sources is the argument that the energy industry badly “beat up” rural roads imposing large extra maintenance and construction costs. An important point, however, is that the resident voters in rural municipalities pay a modest portion of the property taxes generated there.

Table 16. Sources of Property Tax (and Grants-in-Lieu) Revenue, Alberta, 2001

Type of Property	Rural Municipalities ^b	Urban Municipalities ^c	All Municipalities
	(Percent)		
Residential	17.6	56.1	43.5
Farmland	9.2	0.1	4.7
Other land and Improvements ^a	12.6	39.6	31.4
Machinery and Equipment	12.3	0.8	4.8
Linear	48.0	3.3	15.5
Railroads	0.3	d	0.1
Total	100.0	100.0	100.0

Source: Alberta Municipal Financial Information System

Notes:

- a) Excludes machinery and equipment
- b) Municipal districts and counties
- c) Cities, towns and villages
- d) Negligible

⁴⁷ Data are actually for property taxes including grants-in-lieu of property taxes. Grants-in-lieu represent about two percent of the total for this data.

Sales of goods and services represent about one-third of the revenues of urban municipalities but contribute little (about seven percent) to revenues in rural municipalities. The importance of sales has increased in all urban communities but the smaller sized ones. The decline in Edmonton from 1996 results from changes in the organization of its utility system that placed much of the city's utility operations into a separate company (EPCOR) that pays dividends to the City. This change is also much of the reason for the growth in the importance of investment income in Edmonton while it declined elsewhere and also for the greater fall there in other revenue than in most other municipalities.⁴⁸

Summary

Municipal finance varies in significant ways among types of municipalities. Certainly recently, real per capita spending is greatest in the largest cities and in the rural municipalities. Rural municipalities spend primarily on roads (about 60 percent of their outlays) in contrast to less than one-quarter in urban municipalities. The urban municipalities spend more heavily on protection, recreation and environment. Over the 1988-2001 period, real per capita spending declined or was constant in the urban municipalities but increased by about 30 percent in the rural areas. The substantial reduction in (primarily provincial) transfers did not occur uniformly. The relative amounts and the timing varied. Rural municipalities got the smallest reduction and it came later while the other cities took the more serious cuts and those began earlier. While municipalities were called upon to rely more heavily upon own revenues, real per capita own revenues only increased notably in the villages and, especially so, in the rural municipalities. Real property taxes and revenue from sales (sales chiefly being an option in urban areas) had to increase to offset the reduction in grants and in other revenue sources (e.g., investment income). Rural municipalities obtain over 80 percent of their property tax revenue from non-residential and non-farm sources, much of that related to the energy industry.

Recent Developments in Alberta Municipal Finance

In November of 2001, the then Minister of Municipal Affairs Guy Boutilier established the Minister's Provincial/Municipal Council on Roles and Responsibilities in the 21st Century. Members consisted of the Minister, the Mayors of Calgary and Edmonton, the Presidents of the (AUMA) and the Alberta Association of Municipal Districts and Counties (AAMD&C), a representative from the Alberta Economic Development Authority, and three members of the legislative assembly. The Council was largely to clarify roles and responsibilities, resolve issues, and recommend improvements in the provincial/municipal partnership. With some effort, the municipal representatives soon had the scope of the Council expanded to include resources as well as roles and responsibilities. Thereafter, it was known as the 3Rs Council.

Especially given the reduced transfers, emerging infrastructure deficit, and other experiences of the previous decade, one might have thought that the Council had the potential for making significant improvements in the provincial-municipal system. In a relatively notable move in the spring of 2002, the AUMA was advocating extending to municipalities the right to tax provincial tax bases (e.g., fuel, income) or develop a new

⁴⁸ For further information on Edmonton's (and Calgary's) finances and utilities see Vander Ploeg (2001, 2002).

tax. As a further result of its own 3Rs exercise, it made other recommendations including ones about which functions should be allocated to the province, which to the municipalities and which should be joint (e.g., policing, ambulance, and affordable housing).⁴⁹ To garner greater internal support, the new tax room proposal was diluted to seeking a defined share of provincial and federal taxes. Regardless, the municipal participants were prepared and anxious to pursue meaningful changes. Despite this potentially ambitious start, the 3Rs Council was notable mostly for its invisibility. It had no web site, and reference to it at the Municipal Affairs web site was limited to the initial announcements. What little public attention it received came mostly from the municipal participants complaining about its slow pace and the provincial unwillingness to discuss resources.

Perhaps reflecting the internal diversity of views, the 3Rs Council engaged the Canada West Foundation to come up with a closing document. In its resulting Foundations for Prosperity paper (Gibbins, et al., 2004), the Canada West Foundation recommended a) a mutual commitment to eliminating the municipal infrastructure debt and its causes by 2015; b) establishment of a Municipal Infrastructure Council charged with defining (by June 2005) a mix of infrastructure financing instruments from i) new municipal tax tools;⁵⁰ ii) legislated provincial revenue sharing; and iii) phased provincial withdrawal from the education property tax, to be in place by December 2005, and c) the province lead in engaging the federal government in municipal infrastructure finance. While acknowledging that the paper was supported by the 3Rs Council, it noted that the paper did not necessarily reflect a common view. Notable is that of the broad scope of issues brought to the table; only the infrastructure problem emerged in the closing document.

About the same time as the Canada West Foundation released its paper, and just prior to a provincial election, Premier Klein mused about making \$3.3 billion available over five years to Alberta municipalities for infrastructure catch up. In the spring 2005 provincial budget, \$3.0 billion, at \$600 million annually for five years, was budgeted for municipal infrastructure grants. These funds are to be allocated to municipalities on a per capita basis with a \$0.5 million minimum.⁵¹ This approach to municipal transfers and to infrastructure funding has a distinct “throw (available) money at the problem” look to it and a very much “back to the future” flavour as total provincial grants are restored almost to pre-cut levels but without other reforms.⁵² Nothing was said about the Canada West Foundation recommendations.

The 3Rs initiative lapsed with the change of ministers. Late in 2005, the new minister of Municipal Affairs Rob Renner inaugurated the Minister's Council on Sustainability. The parties divided the preparation of background materials with the City of Calgary attending to prospective new revenue sources and arrangements for municipalities.

⁴⁹ See Alberta Urban Municipalities Association (2002 and 2002a).

⁵⁰ Reflecting the focus on infrastructure, the Canada West Foundation discussed a rather narrow list of new tax tools; for example, taxes on hotel occupancy, vehicle registration, parking places, fuel consumption, land transfers and vehicle rentals.

⁵¹ An interesting and somewhat troublesome feature of that infrastructure programme is that it says projects should be carried out by the private sector. That complicated the situation for some municipalities that have relied upon their own equipment (especially rural municipalities using their own equipment for road works).

⁵² This assessment is being reinforced by the introduction of new grant programmes (e.g., a \$100 million Rural Development Project Fund) and musings of others to come.

Observers of this new provincial-municipal dialogue were highly attentive to provincial musings concerning returning the education property tax to municipalities. That is, the province would “get out of” the school property tax and leave the property tax for municipal governments. In fact, the Council did suggest that the province provide municipalities with additional annual funding support of equivalent to the amount collected through the education property tax. Although the education property tax apparently will remain, the province introduced major new grants for municipalities in its 2007-08 Budget. Foremost was the ten-year Municipal Sustainability Initiative that is to provide \$400 million in 2007-08 primarily for core and community sustainability infrastructure. That programme will expand to \$500 million in 2008-09, and \$600 million in 2009-10. These funds are in addition to the Klein government’s five year \$600 million annually Alberta Municipal Infrastructure Programme. At the end of that programme, the Stelmach government’s Municipal Sustainability Initiative ramps up to \$1.4 billion per year in 2010-11. These projections assume that provincial revenues permit the anticipated levels of funding. Beginning in 2008-09, these monies are being distributed with a first call being per community base amounts but with the “large majority” to be allocated with 48 percent per capita, 48 percent according to education property tax requisitions, and four percent based on local road kilometers. In addition, more provincial funding was announced for municipal water and wastewater investments. Clearly, if provincial revenues continue to at least be maintained, Alberta municipalities will realize a massive transfer programme to support municipal infrastructure that will, in turn, indirectly assist other areas of municipal spending.

The Minister’s Council also recommended that the province enact legislation that permits municipalities, at their discretion, to levy and collect additional own-source revenues,⁵³ and that the province redefine the notion of economic rent or permit municipalities to directly assess “resource utilizers” for municipal costs relating to resource development. None of these recommendations was accepted by the province, which asserted its sole role in determining economic rent and resource royalty rates, and reserved decision on new own-source revenue sources. Similarly, the province reserved decision on establishing a permanent programme providing financial assistance to municipalities that lack sufficient assets and revenues to remain financially viable.

⁵³ Proposed new taxes included: an amusement tax; a tourism tax; a property transfer tax; a vehicle registration tax; expanded scope for development levies in support of directly related local services; and, limited split mill rates within the non-residential property class. Alberta municipalities possess the ability to legislate split mill rates within the residential property class. The proposal for a “limited” mill rate enactment reflects Council concerns that municipalities might be over enthusiastic in applying the provision.

Organization of Representative Structures

Alberta's municipal councils are defined squarely within the Canadian norm for council organization. All Alberta municipalities must possess a chief elected official (CEO), a position commonly titled mayor or reeve. By legislation, the electors of towns and cities must elect a mayor at large unless the council passes a bylaw permitting appointment by councilors (s. 150[1]). As opposed to towns and cities, CEOs of municipal districts, villages and summer villages are appointed by councillors from among their members, unless the council passes a bylaw providing for election at large (s. 150[2]). CEOs of specialized municipalities are selected through the process defined by the regulation establishing the authority.

The size of municipal councils varies according to type of municipality and council wishes. Only duly elected councilors and the CEO comprise councils. Council committees can consist entirely of councilors, however, the membership of council committees can be constituted entirely of councilors, entirely of persons other than councilors (save for the CEO who is an *ex officio* member of all committees of council), or a mix of elected and non-elected persons (s. 146). Councils have the power to establish wards where no wards exist or alter the number of wards (districts) and ward (district) boundaries. Further, councils possessing a ward system (district) are free to establish councillors that are elected by the vote of the whole of the municipality and who serve as councilors of the whole municipality (s. 147[3]).

Council members of the smaller cities are elected at large. The larger cities (Calgary, Edmonton, Red Deer, Lethbridge and Medicine Hat) all have ward elections. Edmonton is unique in having two member wards – the other ward-represented cities have single member wards. Calgary has 15 council members *in toto* (with 14 wards and a mayor), Edmonton 12 ward representatives and a mayor, and Red Deer, Lethbridge and Medicine Hat each have councils of nine (eight councillors and a mayor). The norm in the other cities is seven which is the “default” membership defined by legislation (s. 143[1]). Importantly, under section 143 cities and towns can pass bylaws that raise or lower the number of council members by an odd number from the norm of seven so long as the number is no fewer than three. There are a total of 122 elected city officials. Town mayors and councilors are elected at large, and there appear to be no instances in which a town council has established a ward system. At present, the number of town council members ranges from 5 to 7. There are a total of 742 elected town officials. Village and summer village councils consist of 3 councillors, one of whom is the mayor. Villages can pass a bylaw to increase the number of councillors to a higher odd number, and in some cases they have used this provision (s. 143[2]).

Representational structures of specialized municipalities differ. For example, the Regional Municipality of Wood Buffalo is divided into four wards with a different number of councilors elected at large within each ward. There are ten councilors in all with a mayor elected at large. Ward 1 (Fort McMurray) is represented by six councilors, Ward 2 has two councilors, and Wards 3 and 4 are represented by one councilor each. Strathcona County contains seven one-member wards. Four of the wards are within the Sherwood Park USA and three within the RSA. The mayor is elected at large. Clearly,

under each of these specialized municipality arrangements the RSA populations enjoy larger per capita representation but the USA representatives are in the majority and the urban population effectively elects the mayor.

Governmental organization of rural municipalities is broadly uniform with large single member wards or, in common rural parlance, electoral divisions. The number of divisions varies from 3 (M.D. of Ranchland No. 66) to 11 (M.D. of Opportunity No. 17), with the most common number being 7. Under the traditional arrangement the council selects a reeve. However, recent changes to legislation permit the election of a mayor-at-large, and this innovation has appeared in the Capital Region with the election of mayors in the Sturgeon County and Parkland County.

Different governance arrangements exist across the IDs. Three of the seven IDs possess chairpersons and councilors who are either elected or appointed to advisory councils. There are seventeen of these advisors in all. These committees guide the activities of the ID's chief administration officer, a provincial official. The Minister of Municipal Affairs and Housing is legally the municipal authority for the ID but in practice most power and responsibility has been delegated to the councils where they exist. Where councils do not exist, an ID Manager, who is a provincial employee housed within Municipal Affairs, Municipal Advisory Services Branch, supervises administration. Metis settlement councils are composed of five elected members who choose a chair from their number. Elections are held at three-year intervals.

Over the past century Alberta municipalities have experimented with different council-executive-administrative models.⁵⁴ However, in recent times, the political executive structures of Alberta municipalities have become more standardized and, arguably, more prosaic. Alberta's 1994 MGA legislation did not prescribe this standardization but provisions in the legislation that sought to divide council and administrative functionalities into discrete spheres (s. 201 [2]) and to specify purposes and responsibilities of council, councilors, and the chief administrative officer may have promoted the move toward greater standardization.

Putatively under Alberta municipal legislation all Alberta municipalities operate under a version of the council-manager model (although this model is different from that bearing the same name found in the United States). Under the *Municipal Government Act*, it is mandatory for each municipality to appoint a chief administrative officer (CAO) and secretary and treasurer positions are no longer mandatory. This official is invested with specific administrative responsibilities under legislation and can be granted additional responsibilities through bylaw by council. The requirement to appoint a chief administrative officer possessing significant duties, in league with the legislated prohibition of council indulgence in administrative matters, was intended to strengthen professional municipal administration while concomitantly directing council attention to policy matters. Perhaps the clearest realization of the legislation's intent is found in jurisdictions where strong city manager arrangements are found. These include the largest urban and specialized municipalities: Calgary, Edmonton, Red Deer, Lethbridge, Strathcona and Wood Buffalo. All these municipalities have administrations headed by a single official bearing the title that is formally and firmly situated as the administrative principal at the nexus of the political-administrative interface. True, in all of these

⁵⁴ See Masson (1994: 69-84) for discussion of council and committee government, council-manager government, council-commission board government, and government by council and executive committee. Also see Lightbody (2006).

municipalities other members of the civic administration have regular and direct contact with council members through council committees, and in other council venues. The CAO is therefore not the sole administrative liaison with council, or even the sole official directed by council members operating within their official governing capacities (something that is at least theoretically true in the U.S. council-manager model). Nevertheless, these strong CAOs enjoy considerable prominence in the mayor-council-manager relationship and possess mandates and resources to control and shape the civic administrations.

Other Alberta CAOs also enjoy significant formal mandates under legislation but it remains that councils (and CEOs) may eclipse or impinge heavily upon the CAO's role. Elected members may set administrative policy in council or committee, and may rely heavily on their own personal knowledge and understandings without benefit of the full wisdom of their administration. CAOs may themselves contribute to the diminution of their expert policy advice and administrative leadership roles and prerogatives by ceding initiative to council members on one or both matters. Under such circumstances the mayor-council-CAO model comes to resemble more traditional council-committee model of government that the 1994 *Municipal Government Act* sought to legislate away. Although there are no empirical studies that provide a measure of the number of such situations, there is sufficient anecdotal evidence to suggest that the traditional model is still very much alive.

Formally, Alberta CEOs are relatively weak since they possess few additional powers beyond those of their council colleagues. Calgary and Edmonton mayors have yet to acquire the "strong" mayor powers recently granted some of their Canadian big city colleagues. Nevertheless, over the past two decades the mayors of the province's two largest municipalities have gained power and influence, and at least some of those of other municipalities have too. Core city mayor influence within their municipalities has been bolstered by the creation of executive committee arrangements in which the mayor gained an extra measure of formal control over the processing of council business. Edmonton led this movement in 1984 under Lawrence Decore, and Calgary adopted the form in 2000. Internal mayoral influence has also been bolstered by increases to the staff complements of mayoral offices and, perhaps too, by the character of recent incumbent's practice of mayoral leadership (although some observers would certainly argue that dynamic mayors come and go). The movement to strong, but singular, city managers has also promoted mayoral influence. Under the previous Commission Board systems the administration possessed considerable influence over the mayor and the council. Even through that structure was supposed to empower the mayor who was a member of the commission board, the actual consequence may have been to either capture the mayor or place the CEO at odds with what could amount to a gang of experts. Under the executive committee scheme, the mayor is more likely viewed as a political official and prospects of administrative capture seem less likely.

External influence is reflected in the central roles the mayors of the two largest cities have played in negotiating with the provincial government and in their presence as national political actors through the big cities mayors' caucus of the Federation of Canadian Municipalities (FCM). CEOs of medium-sized cities are not as deeply organized or as prominent but they too have garnered additional influence during a period when municipal issues and municipal government has become more fashionable.

Elections

Municipal elections are held every three years in Alberta on the third Monday in October. The most recent general election was held on October 2007. Municipal elections are held under the *Local Authorities Election Act*. This act also guides elections of school authorities and was used as a basis for the one time only election of a portion of regional health authority board members. The Act stipulates what are now standard criteria for electors including being at least 18 years of age, possession of Canadian citizenship, an Alberta resident for 6 consecutive months immediately preceding Election Day, and the person's place of residence "located in the area" on Election Day (s. 47[1]).⁵⁵

Candidates must be eligible voters in their municipalities, although in cities they need not be residents of the ward in which they are candidates. Candidates also must be eligible to run: conditions of ineligibility include being the auditor for the local jurisdiction, being an employee who has not been granted a leave of absence, owing taxes or being variously indebted to the municipality, or being under contract to the authority. Candidates must pay a deposit with submission of nomination papers which is a fixed amount not exceeding \$500 for municipalities over 100,000 population and not exceeding \$100 in all other instances. In municipalities other than cities, five eligible electors of the municipality must sign nomination papers. Cities have the option of raising this number to 25, something that the Calgary and Edmonton have done. Recently, in Edmonton, the first term mayor and a novice councillor attacked this provision on the grounds that it did not screen "jokester" candidates.⁵⁶ While the concern may have some validity if it is assumed that citizens attending these forums truly wish to hear the principal candidates, it remains that the provincial legislation is designed to promote candidacy. Indeed, in Edmonton only mayoral candidates must submit the full \$500 nomination deposit; those running for councillor need only plunk down \$100.

A plurality formula is used to determine election winners, although it is of interest to note that Alberta cities experimented with proportional representation using the single transferable vote during the 20th century. Calgary used this system from 1917 to 1974 (Masson, 1994: 290-292). Alberta municipal elections usually draw small numbers of voters. Since there are no systematically collected province-wide municipal election statistics on record, it is impossible to comment on whether there is a negative correlation between municipality size and voter turnout reported for British Columbia⁵⁷ but not, apparently, for New Brunswick (Bourgeois, 2008 forthcoming). Given the assumed large number of acclamations in rural municipalities it is likely that Alberta pattern is less pronounced than that reported in British Columbia. What can be said is that the City of Calgary has consistently small voter turnouts, and that Edmonton does too although, in Edmonton's case, the voter turnouts can vary significantly depending on the issues of the campaign. But talk of variation must be tempered with the fact that since in only four municipal elections of 36 held after the end of the Second World War has Edmonton's voter turnover exceeded 50 percent; in no instance has the percentage exceeded 60 percent – although it came very close in 1963. Over the same period six elections saw

⁵⁵ With the exceptions of workplace, institutional, illness at home and advance vote voting, the elector must vote at the polling station defined for the voting subdivision in which they reside.

⁵⁶ Masson reveals that this is not a new complaint. See Masson (1994: 308).

⁵⁷ See Figure 2.1 in Smith and Stewart (2005), 23.

turnout of less than 15 percent, albeit all were prior to 1963. Since 1963 turnout has registered as low as 23 percent in Edmonton. In 2007, barely 27 percent of eligible voters cast ballots. Indeed, in a reversal of the normal pattern, Calgary's 2007 turnout bested Edmonton's by 6 percent, although at 33 percent there was not room for bragging rights (Arab, 2007: A26). Low voter turnouts have not been restricted to the largest cities; only 27 percent of eligible Red Deer voters participated in the 2004 municipal election, and in 2007 an even smaller turnout was registered.⁵⁸

Many rural municipalities experience votes by acclamation and on rare occasions rural districts have no candidate whatsoever (Masson, 1994: 312-314). This phenomenon is not isolated to small rural authorities. During the 2004 municipal election no less than four Calgary aldermen won their seats by acclamation (Fekete, 2004: B4). Incumbency clearly has its advantages in Calgary contested seats: only one sitting Calgary mayor and eight aldermen have been unseated in the 25 years prior to the 2004 municipal vote (B4). Edmonton's statistics are not that much different for councillors. Between 1948 and 1992 only ten incumbent councillors were defeated in municipal elections – a 92% success rate for sitting councillors seeking re-election over the 44-year period.⁵⁹ This does not mean that it is impossible for incumbents to be unseated. Over the last 30 years four sitting Edmonton mayors have been defeated. The 2001 municipal election saw the whole of the St. Albert city council unseated. However, such radical turnovers are as rare as they are newsworthy.

One reason given by observers of Alberta civic politics for the power of incumbency is the ability of incumbents to outspend challengers. Once in office, and in the absence of any major transgression or indiscretion, city candidates are able to attract funds not usually available to challengers. Admittedly other factors also play a role including the “name familiarity” of incumbent candidates and the fact that many incumbents (and councils in general) enjoy being known but not known too much.

The fact that there are no spending limits and no limits to personal donations tendered in municipal elections also plays a role in supporting incumbents. This is especially the case in the larger cities where the cost of running for office has been escalating. Mayoral contests, in particular, have become well oiled and media tailored. The *Edmonton Journal* reports that the cost of the 2004 mayoral election doubled that of 2001 contest, and that the 2004 campaign was the most expensive ever with candidates spending \$1.6 million. Councillor contests for the same election were up by a third (Kent, 2005: B1).

Alberta municipal election contests are putatively non-partisan. In many smaller centres they well may be wholly non-partisan. However, in the largest cities, and even in many smaller centres, the political affiliations of candidates are often well known. Sometimes no guessing is required since local politicians are former members of the Legislative Assembly of Alberta. The 2004-2007 Edmonton city council contained three former opposition MLAs. Former maverick Tory MLA Judy Gordon won the mayoral race in Lacombe in 2004. Some local politicians try their hand at provincial or federal politics while still in office or overtly demonstrate their ambitions. Regional Municipality of Wood Buffalo mayor Doug Faulkner ran as a Liberal in the June 28, 2004 federal

⁵⁸ See Election Results <http://www.city.red-deer.ab.ca/Connecting+with+Your+City/City+Services+and+Departments/Legislative+and+Administrative+Services/Election+2004/default.htm>. Also see Arab 2007, A26.

⁵⁹ See Edmonton Public Library, Election Turnouts 1892-2004 <http://www.epl.ca/Elections/info/EPLTurnouts.cfm>

election (Canadian Press Newswire, 2004). He lost the federal bid and perhaps as a result was soundly defeated in the October 2004 municipal election. Calgary mayor David Bronconnier historically made no secret about his Liberal ties. As an alderman he ran for the provincial legislature as an Alberta Liberal (The Calgary Herald, 1997: A6). More recently he has been demonstrably close to senior federal Liberals including the former prime minister (The Calgary Herald, 2004: A10). One reason that the fiction of non-partisan is often maintained is that municipal politicians of political stripes other than that of the Governing Party wish to avoid the Tory's wrath or bringing it down on the municipality. David Bronconnier has earned barbs from some provincial Tory cabinet ministers for his overt affiliations with federal Liberals (A10). However, overt partisanship is also not welcomed by the public since partisanship at the local level continues to not be widely favoured. This anti-local partisan bias may well be part of the Alberta political culture, although we note that non-partisanship at the municipal level is a Canadian norm.

No demographic, province-wide data exist on municipal candidates, making it difficult to comment on who gets elected and who does not. As reported broadly, municipal government does appear to provide greater opportunities for women to acquire office but the success rate of women candidates in Alberta municipal elections remains untalied. The success of visible minority candidates has not been studied. Masson offers that the very structure of the local political system prevents labour candidates from succeeding (1994: 459-474). No contemporary study exists charting where municipal candidates come from in terms of other forms of service to the public, or not. In rural areas municipal councilors are commonly thought to be retired farmers but here too no contemporary data are available.

One study charts the path from municipal government to provincial government (Youngman, 1998). Youngman observes that in 1998, a full 44 percent of Alberta's cabinet has some form of background in municipal politics and 39 percent of members of the Legislative Assembly have past experience in local government (including school government). Youngman finds a difference in municipal experience comparing Tory and opposition MLAs: 44 percent of the Tories had local experience while only 24 percent of the Liberals did; no New Democrat member had local experience at the time of the study. Of particular note is that 64 percent of "rural" MLAs had local experience, compared to 22 percent of "urban" MLAs.

The Minister of Municipal Affairs is technically the election authority for the triennial elections. Municipal elections are not run through the Chief Elections Officer nor does this official have responsibilities relating to municipal elections. This said, officials from the Chief Election Officer's office note that they work closely with the Municipal Affairs department in addressing election matters.

Public Participation

Plebiscites, Petitions, Transparency and Input

Alberta has long had provisions for public participation through petition and plebiscite in its local legislation (Masson, 1994: 301-306). Although from time to time, provincial legislators have either given or taken away grass roots elements of democracy, the ability for citizens to force councils to affect or quash legislation has been and continues to be an important feature of Alberta democratic local government. With the

reformation of the MGA, the Legislative Assembly bolstered public participation provisions in legislation. The Act now has a full “part” dedicated to public participation (Part 7). Among public participation provisions contained in the Act (some of which existed in the previous Act) are the right to petition a public meeting (s. 229), the right to force public votes on new bylaws and resolutions and to force the amendment or repeal of existing bylaws and resolutions (s. 232). Interestingly, most bylaws passed or defeated through public votes are protected for specified periods of time from council adulteration.

The architects of the 1994 Act bolstered plebiscite provisions as a countervailing measure to providing councils liberalized local law making powers. That is, citizens were given greater powers to check and balance the enhanced powers of councils. Citizen powers were bolstered with the addition of revised planning legislation to the Act in 1995. The public also gained opportunities for input into the formation of local planning policy and administration through new legislated requirements for public hearings and appeal mechanisms.

Greater transparency and disclosure provisions were also built into the Act to better enable citizens to hold councils accountable. The ability of councils to hold *in camera* meetings was lessened, and municipalities were put under the investigative authority of the provincial Information Access and Privacy Commissioner.

A review of stories from local newspapers reveals that petitioning and plebiscite provisions of the MGA are indeed used, although in many instances it is not clear whether the plebiscites are initiated by citizen petition or by councils. In recent years there have been plebiscites promoting smoking ban bylaws, the construction of new municipal buildings and recreation facilities, municipal budget bylaws, the election of reeves, casino location with municipalities, borrowing, and RCMP supplementary budget requisitions. Petitions cover the same issues and more, and they are clearly initiated by citizens.⁶⁰

Alberta municipal administration and councils voluntarily engage their citizens through public consultation processes of various sorts. For example, Edmonton has periodically established public hearings for input into the annual budget; periodically, because the consultations are initiated and, then, in the light of what are sometimes grueling experiences, dropped (LeSage, 1998). However, in Edmonton’s case and in those of many other Alberta municipalities, consultations are prevalent. Public consultations can sometimes be highly ambitious. The Strathcona County recently conducted an ambitious community-wide consultation – Community Consultation 2000 – in an effort to define a willed future for the municipality. Citizens participating in these sessions defined growth-related issues (and the need for council and administration to better manage growth) as their primary concern and also articulated concerns over related environmental issues associated with growth. The Village Vilna and the City of Lethbridge, among other Alberta municipalities, have engaged the public in similar community visioning projects.

Calgary and Edmonton have special sub-municipal institutions in the form of community associations and community leagues that, among other things, provide vehicles for citizen input. The associations and leagues are organized within community

⁶⁰ The authors searched MuniMall newsletter back files using descriptors “plebiscite” and “petition”. See, <http://www.munimall.net/newsletter/index.nclk>.

boundaries that are initially defined by the city. There are 147 community leagues in Edmonton and 130 community associations in Calgary. In both cities these neighbourhood organizations are represented on a citywide basis through federations. The Federation of Calgary Communities also includes community associations from select neighbouring towns and residential agglomerations. Edmonton's planning, parks and recreation and engineering departments use the leagues as avenues through which to consult on proposed neighbourhood improvements. The leagues and associations periodically also raise issues with city departments and agencies. In rare cases the leagues and associations provide the venues or volunteer machinery to mount protests or counter-policy forums to proposed city actions, the absence of municipal activity, or the actions or proposals of private interests (Masson, 1994: 260-261). The level of activity will differ significantly depending on the character of the neighbourhood association.

Interest Groups and Lobbying

Alberta's municipal governments are indeed governments and thus subject to representations from organized interests that lobby councils and administrations, and otherwise seek to influence local government decisions. Masson provides the most thorough account addressing interest group activity and the lobbying of Alberta municipalities (Masson, 1994: 247-271). Business groups are arguably the most effective if not the most pervasive municipal government lobbyists. Within the business community, business associations affiliated with land development (the Urban Development Institute), housing (the Alberta Home Builders Association), and road building (the Alberta Roadbuilders and Heavy Construction Association) are reputedly the most successful and the most engaged. LeSage, examining public participation in Edmonton's budget preparation process a decade ago, observes the special and perpetuating relationships existing between the planning department and the UDI, and between the transportation department of the day and the Roadbuilders Association (LeSage, 1998). Christopher Leo, also studying Edmonton a decade ago, observes a tight compact between the development industry and civic politics and select politicians in Edmonton (Leo, 1995). The special relationship with the business community obviously continues: when those interviewed for this project were asked to name province-wide organizations that pressured municipalities, the UDI was mentioned above all. Strathcona County's recent wide-ranging community visioning process involved separate consultations with the municipality's business community. Chambers of Commerce in Alberta, as elsewhere in Canada, either host annual mayoral state of the city addresses or are addressed on an annual basis by urban mayors. Chambers of Commerce – unlike the more specialized sector association organizations – take a broad interest in municipal affairs as is evident by the recent publication of a researched paper on fiscal stress and Alberta municipalities.⁶¹ It is appropriate to add that in rural municipalities the politics of land are as significant as those in the urban areas but local citizen-farmers tend to represent landed interests and are, if anything, by comparison more effective than their urban counterparts. However, to suggest that they operate as organized business interest may stretch the point.

There are, of course, other groups than the business community that lobby municipal governments. These include environmental and social advocacy groups, recreation and

⁶¹ For example, see Alberta Chambers of Commerce and Certified General Accountants Association of Alberta (2005).

related associations, and ratepayer associations. When asked about non-business advocates our interviewees mentioned the Sierra Club most frequently, although we were informed that this organization has little effect and can generate considerable hostility in the province's rural precincts. This view does not seem to be shared within some of the urban municipalities where environmental concerns around suburbanization, pesticide use and efforts to promote smart growth are entertained and sometimes encouraged. The Sierra Club has mounted campaigns addressing these matters and recently published "The Alberta Smart Growth Report" authored by a popular former Edmonton municipal councillor (Bolstad, 2005). The Sierra Club and other environment group representation to municipal councils reflect an active and growing environmental politics at the local level. The sympathetic hearing given these organizations by urban councils speaks, in part, to AUMA and FCM support of the Kyoto Accord and to broader environmental and sustainability initiatives mounted by both organizations.

Ratepayer associations remain active in many Alberta communities although their memberships tend to grow or diminish in the light of budget controversies, and particularly prospects of major expenditures with potentials to raise local taxes. They were active in the 1990s. Anti-smoking lobby groups have had significant influence on local smoking bylaw initiatives. Less successful, although not less active, have been anti-gambling lobbies. These groups were extremely visible during the 1998 municipal elections when plebiscites were held in 37 communities putatively giving guidance to the provincial government concerning retention or removal of video lottery terminals from commercial establishments (Smith and Wynne, 2004: 18-20).

Alberta's deregulation of electrical supply and distribution has brought a new group of business interests into municipal politics: energy producers and suppliers. The resulting interest politics is both local and provincial. Municipal ownership of the major power producers and distributors (EPCOR and ENMAX are both wholly owned subsidiaries of Edmonton and Calgary, respectively) has heated up policy debate around electrical supply. Private interests argue that these municipally owned corporations enjoy special advantages.

The Minister of Municipal Affairs

Although the Municipal Affairs minister has many prerogatives under the MGA that relate to specific matters of approval or regulation of municipal activity, Part 14 of the Act specifies a number of general ministerial powers. These include the power of the Minister to intervene in inter-municipal disputes, provide municipalities with “information” on the assessment of property, and inspecting matters connected with the management, administration or operation of municipality or assessment. The Minister can order inquiries into the affairs a municipality, the conduct of elected and appointed officials, and into the conduct of persons involved in agreements with municipalities. Upon the request of the Minister, a bank or financial institution must provide financial information relating to a municipalities accounts. More significant yet, the Minister possesses powers under section 574 to order a municipal council or its officials to take actions to remedy improprieties, irregularities and improvidences. The Minister can dismiss councils and CAOs and the minister has the power to appoint an official administration as supervisor of the municipality and its council. Finally, for present purposes the Minister, upon holding a dissolution study may recommend to the Lieutenant Governor in Council that a municipality be dissolved (Division 7, Part 4).

Alberta Municipal Affairs and Housing

On December 15, 2006 the Ministry of Municipal Affairs and Housing was established. The new ministry comprised the previous Alberta Municipal Affairs, and additional responsibilities for housing services, libraries, community and voluntary services. Alberta Municipal Affairs is organized in three large operating divisions: the Local Government Services Division, the Public Safety Division, and the Housing Services Division. There is also a Corporate Strategic Services Division.

The Local Government Services Division contains elements of several former divisions that grew during the Lougheed years (1971-1985) and that form the core of traditional municipal departments. Now existing as branches, they are municipal services, assessment services, and planning. The administration of the Special Areas Board is also placed within the division, as is the grants administration branch. The newly integrated Housing Services Division is commissioned to develop provincial housing policy, and to ensure the provision and effective management of provincially owned and supported housing through local housing providers, non-profit organizations and municipalities. The Division also manages the assets of the *Alberta Housing Act*. An Associate Minister of Affordable Housing and Urban Development holds the Housing Services portfolio for the government. Responsibility for libraries, community and voluntary services was transferred from Alberta Community Development to the Corporate Strategic Services Division.

Like many Alberta provincial government departments, Alberta Municipal Affairs was down-sized significantly during the first years of the Klein premiership. In the process the department either reduced or cut altogether many services it offered to municipalities. Further, services that were being transformed, such as the remaking of a municipal inspection service into a municipal advisory service, were accelerated

although on the cheap. Dr. Steve West, the minister of the halcyon days of cuts to the department and to unconditional provincial grants to municipalities, fostered a minimalist administration that saw the elimination of provincial planning services to municipalities and residential assessment services. Both were taken up on a catch-as-catch-can basis by municipalities, private sector suppliers and, in rare instances, regional authorities. The province retained its regulatory authority on land use planning, and continues to produce assessment standards, calculates equalized assessments and audits assessments, conduct linear property assessments, and regulate utilities assessments. Much to the disappointment of students of local government, the municipal affairs library was closed and its fine collection dispersed. One departmental service that has grown in stature over the years is mediation services, a service that was given a boost in the late 1990s when the MGA was amended to include mandatory mediation in annexation disputes (s. 117[2]).

In recent years there has been an effort to reinvest in the Local Government Services Division and there are new initiatives being pursued through a younger, and apparently more enthusiastic staff complement. The department continues to advise municipalities through its Municipal Services Branch and to provide other services such as a resuscitated municipal internship programme, and land use planning bulletins. Recent Municipal Affairs survey data demonstrates that CAOs tend to rely most heavily on colleagues as beneficial sources of information; all the same, sixteen percent of the respondents stated that departmental municipal advisors were beneficial sources of advice (Alberta Municipal Affairs, 2004a). To put this in perspective, only three percent of the respondents registered that “calling one of the [municipal] associations” was a beneficial source. CAOs appeared split on the value of other services such as the land use planning bulletins of which significant proportions of small urban authorities discounted utility (Alberta Municipal Affairs, 2004a: 11). Officials interviewed for this project at least partially confirmed survey data by opining that small municipalities appreciate and use Municipal Affairs advisory services while larger authorities do not find much connection or relevance in departmental services. The Minister’s Council on Municipal Sustainability recommended, and the government accepted, that the province provide enhanced technical and financial assistance to small municipalities to establish a minimal planning capacity. This action reverses a mid-1990s decision to eliminate such support.

The Municipal Government Board (MGB) is administratively located within the Department of Municipal Affairs. The Board is a quasi-judicial tribunal that has responsibility for a number of matters previously handled by either the disbanded Local Authorities Board or the Alberta Planning Board – these bodies were eliminated with the introduction of the 1994 MGA (LAB) and its 1995 amendment act (APB). The MGB hears appeals on property assessment, equalized assessment, linear property assessment, and subdivision approval (or rejections) that it deems to have a provincial interest. The Board also hears inter-municipal disputes including annexation disputes not solved at the mediation stage, conflicts between housing authorities and municipalities, and matters that may be directed to the Board by the Minister or the Lieutenant Governor in Council.

Although the MGB is the principal tribunal that addresses municipal matters, select other provincial tribunals also have regulatory authority over some aspects of municipal activity or activities of significance that occur within the boundaries of municipalities. These include the Natural Resource Conservation Board (environmental matters including the controversial approval of intensive livestock operations), the Alberta

Energy and Utilities Board, and the Police Review Board. Of the province's five Officers of the Legislature, only the Information and Access Commissioner possesses powers to investigate municipalities. The Ombudsman, Ethics Commission, and Auditor General have no investigative or oversight responsibilities that touch on municipal jurisdiction, and by correspondence and communications received from these offices, it appears that they have no contact. The Office of the Chief Electoral Officer consults with Municipal Affairs on election matters but has no direct role in the policy setting or administration of municipal elections.

Municipalities Associations and Other Related Associations

Alberta has two principal municipalities associations: the Alberta Urban Municipalities Association (AUMA) and the Alberta Association of Municipal Districts and Counties (AAMD&C). By Alberta standards these are venerable associations with the AUMA (then the Union of Alberta Municipalities) incorporated in 1905 and the AAMD&C (then the Alberta Association of Local Improvement Districts) incorporated in 1909. The AUMA is the accepted voice for the province's urban municipalities although the two largest cities often work separately in the promotion or defense of their interests. This is true notwithstanding the fact that they are well represented in the governing councils of the association with five mandatory seats on the sixteen-member Board. Four of these Board members (two each from the principal cities) are appointed and not elected by the membership. Further, there is a regular, if not frequent, rotation of big city candidates into the presidential nomination pool. The AUMA Board of Directors is also organized to provide representation and voice to each classification of urban municipality. Geographical representation is also built into the AUMA Board structure with directors of towns elected for separately for east and west, and directors of villages elected separately for west and south. Elections for the Board are held annually at the Fall Convention. In early 2006 the AUMA permanent staff complement was roughly 25. The AAMD&C is the accepted voice of rural municipalities. Its Board of Directors is elected annually at the association's Fall Convention. The Board comprises seven members, of which the President and the Vice-President are elected at-large each year and five district Directors are elected to staggered two-year terms by municipalities within the district they represent. In early 2006 the AAMD&C full-time staff complement was 18.

Today both municipalities associations' organizations are similarly oriented with member services and advocacy foci. The AUMA's membership services comprise three separate components: AMSC, a broadly conceived services administration that operates an energy aggregation programme, and is developing strategies and services that relate to Alberta SuperNet, high-speed Internet and telecommunications access and utilization in Alberta municipalities; MUNIX, which provides general insurance services to member municipalities; and, APEX, a pensions and benefits administration. In 2005, each of the three membership services entities was assigned separate boards that relate to the AUMA Board through an Executive Committee and an Audit and Finance Committee. Importantly, the membership services operations are businesses and therefore not all urban municipalities purchase or enroll in the services. The AAMD&C provides insurance services to its membership and other organizations through Jubilee Insurance, an insurance agency wholly owned by the AAMD&C. Originally extending coverage only to AAMD&C members, the service is now purchased by school jurisdictions, towns, villages, senior's foundations, recreation centres, and other local government related

entities. Since 1974, the Jubilee Insurance Board has been comprised of equal representation from the Alberta School Boards Association (formerly the Alberta School Trustees Association). In 2006 Jubilee Insurance was an \$18 million dollar operation. The AAMD&C also operates a trade division that offers bulk purchasing power opportunities to rural municipalities and, since 1970, to a long list of "Associate" members that include the range of urban municipalities, school authorities and various other community organizations. In 2006 the trade programme's annual cash flow was \$35 million.

Both associations often work with provincial government ministries in the formulation or reformulation of legislation and government programmes through task forces, councils and other formal consultative initiatives, while concomitantly lobbying the government to adopt new policies or change policies. As mentioned previously, the presidents of the AUMA and the AAMD&C were at the table for the 3Rs and MCMS initiatives. Both participated actively in these initiatives, and engaged their organizations' resources and membership in attendant consultative processes. However, as is illustrated by recent formal comments issued by the AUMA, when not pleased with resulting governmental policy and responses, the associations are prepared to offer critical commentary.

Annual or semi-annual conventions provide venues in which both associations process membership representations to the province. These gatherings remain significant and highly democratic insofar as in both organizations there are relatively open processes whereby member municipalities bring resolutions for provincial action to the floor for approval of the membership. Approved resolutions are forwarded to Alberta Municipal Affairs, which in turn distributes the resolutions to appropriate government ministries and coordinates the governmental response. In recent years the associations have attempted to provide more focus to their governmental advocacy through establishing policy area priorities and striking internal committees or task forces that address what the Board believes to be the most pressing issues confronting the membership.

The AUMA has been especially active in attempting to capture strategic issues, formulate policy options and press its membership, the provincial government and others to effect reforms. Among recent key AUMA policy initiatives are those concerning electric deregulation, affordable housing, new funding formulas for municipal policing as previously discussed, a new provincial financial deal for municipalities, and the development of environmentally viable communities. Policy papers flowing from task force or committee work have also addressed such matters as urban-rural cost sharing, ambulance service delivery, and new formulations for roles, resources and responsibilities. The latter matters, and some of the others, either anticipate or relate to provincial government initiatives but it is important to note that the association has become more proactive over the past several years. Infrastructure funding has been and remains a central policy concern of the association. Other aspects of the AUMA's advocacy activity portfolio include the production of workshops and seminars, policy conferences, and annual regional zone meetings. A website, MuniLink, offers information on AUMA policy issues and initiatives. Special reports, guidelines and tools relevant to specific aspects of municipal operations are also produced.

The AAMD&C is less formally invested than its urban counterpart in efforts to develop strategic machinery and approaches to its advocacy activities. It is more "traditional" by nature, which may explain its heavier reliance on the convention

resolution process. However, it is also likely true that there is less need to develop sophisticated policy formulation machinery since the AAMD&C membership is much more homogenous than that of the AUMA and the association enjoys considerable clout within the Legislative Assembly and at the cabinet level. This is not to suggest that rural association is without issues with which to press the provincial government. Salient issues include a range of land-related concerns including land ownership, rights to coal bed methane royalties, protection of groundwater supplies, and a number of related environmental resource issues. Land use regulation issues, including those relating to regional planning and rural-urban municipal authority economic development competition have recently come to the fore owing to the province's heated economy. As stated previously, road and road infrastructure maintenance are also large concerns, made all the more so by the great increase of heavy truck traffic generated by energy resource exploration and extraction and development of centralized super-sized grain elevator facilities. The AAMD&C is increasingly becoming an advocacy organization for the larger rural community. It part this is because it is so effective, but it is also because putatively non-municipal issues conflate with municipal issues. Citizens of Alberta's rural communities share a common belief that the rural way of life is under assault and as a consequence of this there is an aggregation of local interests that appears to effectively articulated through the AAMD&C. The AAMD&C also produces policy papers and reports, holds regional meetings, periodically sponsors workshops and seminars, produces a periodical (*Rural Routes*), and maintains an association web site. In 2006, \$2.5 million was budgeted for the association's advocacy operations.

There are a number of minor associations that take interest in specific municipal related issues. These include the Community Planning Association of Alberta, the Economic Developers Association, and the Alberta Culture and Recreation Association. These organizations include municipal council members and are often dominated by these representatives. They lobby and otherwise articulate province-wide issues in their respective areas of concern to the Government of Alberta through channels other than those accorded by Alberta Municipal Affairs and Housing.

Both principal municipalities associations participate actively at the national level through representation on the Federation of Canadian Municipalities Board and committees. The AUMA, in particular, has affiliated itself with FCM initiative that seeks to secure federal infrastructure funding and environmental sustainability initiative funding. AAMD&C representatives are also deeply involved in select FCM committees and a number of rural municipalities are members of the national federation.

Employment Numbers and Unionization

Alberta municipal administration is remarkably diverse as one might expect given the range of municipality types, populations, and contexts in which administration is practiced. All the same, certain generalizations can be offered that provide insight into the organization of municipal administrations, the structural features and issues and trends. Alberta Municipal Affairs statistics of work force complements – self-reported by municipalities – provide a rough estimate of the permanent municipal work force.⁶² In 2003, municipalities reported employing roughly 29,000 full-time employees. Calgary and Edmonton account for 17,000 or 59 percent of these employees. The five largest cities and the two largest specialized municipalities employed 21,000 full-time employees, or 72 percent of the total full-time complement. The province's towns employed 2,660 full-time employees, while villages and summer villages account for 330 full-time employees. Municipal districts and counties employed almost the same aggregate number of full-time employees as towns – 2,630. However, where the average number of full-time employees in the rural authorities is 107, the full-time town complements average a much more modest 24 employees. Villages and summer villages have very small full-time staff aggregates averaging only two employees. Some of these authorities that are located in proximity to one another share CAOs who circuit ride between or among client municipalities. It is important to add that these statistics do not include large complements of part-time municipal workers and the large cohort of contracted workers that produce municipal services.

Although Alberta has the reputation of being a province in which unions do not flourish, and to some extent this reputation is deserved, it remains that a little over 19,600 municipal employees operate under 112 union agreements in 2005.⁶³ CUPE has the largest number of employees organized in Alberta municipalities – 36 municipalities.⁶⁴ Another large union (the Canadian Service Union 52) represents Edmonton's inside workers. The Amalgamated Transit Union represents transit employees in the four major cities. Police are organized within their own separate municipal associations in municipalities that possess a police force. There are nine police associations with the major cities having separate associations for senior officers and the uniformed rank and file. Fire fighters are organized either under their own local associations or the International Union of Fire Fighters. Further, the Alberta Union of Public Employees, the International Union of Operating Engineers, the Communications, Energy and Paper Workers, the Teamsters, the United Steelworkers of America, and the Industrial Wood and Allied Workers of Canada all organize some employees.⁶⁵

⁶² Statistics represent full-time municipal employees as reported by municipalities. Most reporting covers reported in 2003. These are self-reported in annual reports to Alberta Municipal Affairs. See <http://www.municipalaffairs.gov.ab.ca/cfml/profiles/index.cfm>.

⁶³ These statistics made available to researchers from the Mediation Branch of Alberta Human Resources and Employment. June 1, 2005.

⁶⁴ Personal correspondence from Mr. Lou Arab to Ms. Sheela Subramanian, "Re: Municipal Union Representation", May 27, 2005.

⁶⁵ Information compiled from Mediation Branch statistics (June 1, 2005), and from personal correspondence between Mr. Don Mitchell (Assistant Director, Mediation Services, Alberta Human Resources and Employment) to Sheela

The cities and specialized municipalities are all unionized in some fashion, but the reach of unionization extends to towns, villages, municipal districts and counties. Employees of 26 of the province's 109 towns are unionized and two villages are. Thirteen counties and municipal districts of the 64 total are unionized. Most of this unionization is extended to outside workers although the inside workers (even in some small authorities) are union members.

Municipal Administration Professional Associations

Alberta's municipal CAOs, and those in their senior executive teams, are represented by a number of professional associations. Many belong to two or three of these associations. CAOs employed in the larger urban municipalities, and in a small number of the larger and "urbanized" rural authorities are members of the Canadian Association of Municipal Administrators.⁶⁶ Greater numbers of CAOs are members of the Society of Local Government Managers of Alberta (SLGM). The SLGM was established in 1988 under *Alberta's Societies Act*, and was granted recognition under *Alberta's Professional and Occupational Associations Registration Act* (POARA) in 1991. The significance of POARA status is that the society possesses exclusive franchise to use the Certified Local Government Manager (CLGM) letters. To gain POARA status, the province places requirements and strictures on the occupational organization thereby assuring that it codifies practice, prescribes member qualifying educational requirements, and investigates member practices in the light of complaints or on its own volition. The regular membership of the SLGM skewed towards rural and town administrations, with small representation from cities, specialized municipalities, villages, provincial employees, and others. The recent Ipsos/Reid survey reports 21 percent of the CAOs responding to the survey reported SLGM membership. Survey findings further reveal that 16 percent of all urban CAOs responding to the survey are SLGM members while 39 percent of all rural respondents are SLGM members (Alberta Municipal Affairs, 2004a: 15). In addition to regular memberships the Society has student and associate memberships. Associate members are individuals qualifying for regular memberships and, in particular, are completing the second half of the educational programme standard established by the Society. Many of the student members participate in Alberta Municipal Affairs' municipal internship programme.⁶⁷

Subramanian, "Re: Municipal Union Representation", May 30, 2005 and "Re: Municipal Union Representation", May 31, 2005.

⁶⁶ A recent Ipsos/Reid survey of Alberta CAOs commissioned and published by Alberta Municipal Affairs reveals that 13 percent of respondents belong to CAMA. Among other professional organizations and societies with small percentages of members amongst the CAO respondent population are GFOA (7%), ICMA (2%), CMA (1%), IPAC (15). See Alberta Municipal Affairs (2004a), 15.

⁶⁷ These student numbers are undoubtedly pleasing since level of education statistics drawn from the Ipsos/Reid survey reveal that only 25 percent of CAOs possess university or post graduate credentials (see page 10). Indeed, ten percent of reporting CAOs possessed high school or less. This said, the numbers seem to be going in the right direction. Research conducted by LeSage and Humphrey in 1976 reveals that 25 percent of CAOs and their second in-charges from urban authorities other than cities and from rural authorities, hadn't or had only obtained a high school level education. A 1983 survey revealed that number had fallen. In 1976 only one respondent had earned a university degree while in 1983 the number had risen to 14% of respondents. Most significantly, the level of two-year college and technical education appears to have been on the rise in the field. Today, 48 percent of respondents report possessing college or technical institute education. For 1976 and 1983 survey reporting see Masson (1994: 226). See Alberta Municipal Affairs (2004a: 10) for 2004 results.

The SLGM is the newest of Alberta's municipal administrator associations. In its initial conception, it was organized as a society that would connect the rural Alberta Rural Municipal Administrators Association (ARMAA) and small urban Local Government Administrators Association (LGAA) associations in a common effort to promote education and professionalizing administrative practice. The rural and small urban associations predated the Society by many years.⁶⁸ Under an initial arrangement the old fraternal organizations selected SLGM members from their executives. However, tensions between the Society and the LGAA developed to a point that the Society elected to choose its board through its membership. Thus, presently, both the SLGM and the LGAA extend "letters" to their members. LGAA operates under the province's Societies Act while, as noted, the SLGM operates under POARA. The membership of the LGAA is larger than that of the SLGM although, as noted, there is cross-associational membership. Cities are not represented in the LGAA but towns and village administrations are well represented.⁶⁹ The ARMAA membership is much more comfortable with its organization functioning as a fraternal society, leaving professional qualification, practice definition and practice oversight to the SLGM. Almost all, if not all, CAOs of rural municipalities belong to ARMAA and, as noted previously, ARMAA members are heavily represented within the regular membership of the SLGM.⁷⁰

Although the SLGM is arguably the principal occupational association for defining and advancing municipal professionalism in the province, the LGAA (through the Alberta Urban Municipalities Association) and the ARMAA (through the Alberta Association of Municipal Districts and Counties) are more closely linked to policy discourses on municipal and municipal administration issues. Association representatives from each sit on selected committees and task forces of their "parent" municipalities associations and are involved in other association initiatives. Until the late 1970s it was possible for urban municipal administrators to be AUMA presidents. LGAA and ARMAA are also consulted by the Alberta Municipal Affairs to obtain input into selected policy matters and programme initiatives. The SLGM, on the other hand, is not routinely consulted. The likely explanation is that the municipalities associations continue to promote and support the associations that developed under their aegis and for which they have historical affinity and continuing relations. In these matters the province tends to be demonstrably sensitive to municipalities association preferences.

⁶⁸ ARMAA was founded in 1922 as the Alberta Rural Administrators Association while the Urban Secretary-Treasurers of Alberta Association (the precursor to the LGAA), was founded in 1959. Both associations have changed their official names on more than one occasion. See Masson (1994: 238).

⁶⁹ The Ipsos/Reid survey reveals that 56 percent of all CAO respondents were members of the LGAA. This number comprised 68 percent of all urban respondents and a surprising 25 percent of all rural respondents (Alberta Municipal Affairs, 2004: 15).

⁷⁰ Consider: 88 percent of rural CAO respondents to the AMA study report ARMAA membership, and the percent of rural CAO is twice that of urban CAOs belonging to the SLGM (Alberta Municipal Affairs, 2004a: 15).

Issues and Trends in Municipal Administration⁷¹

Alberta Municipal Affairs' recent Ipsos/Reid produced survey reveals that there is likely to be significant turnover in CAO positions over the next three years. Forty-four percent of responding CAOs anticipate leaving their current employer at some time during the next six years; this is up from 34 percent who confided similar plans in a 2001 survey (6). About half of this number plans to retire, while another 19 percent anticipate moving to the private sector. Only 23 percent anticipate a career move involving acquisition of employment in another municipality (8). Whether these statistics actually mean that there will be a succession problem in Alberta municipal administration is a matter for debate.⁷²

Personal interviews conducted for this paper involving senior municipal and provincial officials suggest that Alberta municipal administrators have been innovative and active in reforming local public administration practice. Our administrator interviewees cited selected new public management innovations including increased public engagement, one-stop service centres, and co-produced and contracted out service provisions. Corporate planning and priority setting initiatives that flowed from consultations and value clarification exercises were also mentioned as advanced management initiatives aimed at bettering the quality of administration.

Similar evidence is available from other sources although none are defined through rigorous empirical inquiry. For example, Alberta Municipal Affairs' Municipal Excellence Network provides a long list of "guiding practices" in municipal administration and governance that offers insight into innovations occurring within the Alberta municipal community.⁷³ Of special interest are the practices listed within the implementing and managing performance categories. These include practices relating to continuous process improvement, establishing qualitative and quantitative performance measures, monitoring corporate results, and defining accountability and legislative frameworks for administration and councils. Planning practices listed include long-range planning and visioning and value priority initiatives as well as tested approaches to inter-municipal cooperation. Communication practices include many examples of citizen engagement

71 This subsection borrows heavily from the 2004 Municipal Affairs surveys and focus group sessions involving CAOs. Since only the CAO of each authority was surveyed, the results are heavily skewed toward small urban and rural authorities. For example, of the 194 responses only 15 were from cities (Alberta Municipal Affairs, 2004a: 5).

72 Alberta Municipal Affairs has commissioned two studies - one in 2001 and Alberta Municipal Affairs (2004a). One of the principal purposes of these surveys was to examine more closely what officials in the ministry believe is a looming problem of pre- and early- Baby Boomer exodus from top positions in municipal administration. When CAOs were asked in the 2004 survey about sources of recruitment for their replacements, more than half of the responding CAOs surmised that their replacements would come from within their authority or from another Alberta municipality (p. 39). City CAOs saw internal promotion the most likely source for incumbent replacement (67%) while town administrators opined (75%) that their replacement would most likely be recruited from among the ranks of other Alberta municipal CAOs. Municipal administration positions are likely to be difficult to fill in coming years - this assessment was ventured by CAOs anticipating difficulties in recruiting staff (p. 43). This said, when CAOs reporting not being able to fill positions were queried as to the type of positions presenting problems, only three percent (only, truly one CAO) indicated experiencing problems recruiting administrative positions (p. 46).

73 See <http://www.menet.ab.ca/bins/index.asp> for Municipal Excellence Network home page. Broad categories of practice addressed by ME*Net are: planning, communicating, organizing, implementing and managing performance. For a discussion of ME*NET see Montroy and Stansberry (2004).

and intergovernmental communication processes. In brief, a review of the Municipal Excellence Network's entries leaves one with the clear impression that Alberta municipal administration practice is indeed innovative. Nearly every class of municipality has submitted practices and, in small- and medium-size municipalities, do submit practices of note.

CAOs in an Alberta Municipal Affairs commissioned focus group identified several major issues affecting their practice: citizen engagement, public expectations, provincial-municipal discord, growth issues, decision-making processes and regionalization. Our interviewees named many of the same matters, although these were cast most frequently as broader policy and system issues and not narrowly as administrative ones (Alberta Municipal Affairs, 2004b). Citizen engagement and public expectations are obviously related. The CAO focus group participants noted that "CAOs often feel caught between councils and communities" in efforts to serve the general public interest (9). The increased public demands for "accountability", in particular, appear to add to tensions between councils, ratepayers and administrations. Officials also admitted that their administrations were often not equal to dealing with intense levels of citizen demands. Public expectations are not only higher but, as the focus group participants and our interviewees observe, the public appears to have focused on municipal government as an agent to represent their public interests and solve many of their government-related problems. The difficulty is that often the issues are those properly addressed by other orders of government. However, for the citizenry, this matters little (12).

Growth administration is especially problematic given the public's apparent contradictory expectations desiring regulation on the one hand but opposing regulation itself – presumably at a more abstract philosophical or ideational level (15). Some of our interviewees focused on the growth problems observing that the absence of a regional planning regime in the province has created a free-for-all development. In terms of sustainable development, some interviewees opine the ensuring consequences are going to quite negative. Even some of those who initially wished to see the regional and metropolitan planning regimes eliminated now apparently rue the provincial move because the subdivision decision buck now stops in the municipal council's court. It is no longer possible to blame the regional planning authority for stopping local development.

The regionalization trend – which is promoted by municipal efforts to achieve scale and scope economies and the increasing recognition that regions are often the appropriate catchments for service provision and local regulation – is also administratively (and politically) problematic. As noted above, Alberta's RSCs provide a means to pursue regional solutions and there are certain advantages in using this form. Municipalities have also used Part 9 of the *Companies Act* as well as principal-agent and informal voluntary arrangements to produce regional services and initiatives. Alberta has not regionalized municipal government and, even through over the past several years proposals have been made to establish regional service delivery entities in the major metropolitan regions (and especially Edmonton), prospects for these remain uncertain. The problem remains, however, that voluntary arrangements are apt at addressing certain matters (and not always the easiest ones) and not addressing others. Recent research into collaborative arrangements in the Edmonton region reveal that in recreation services, at least, size is a significant predictor of propensity to collaborate: large authorities don't collaborate in the production of recreation services; the smallest

authorities tend to collaborate with somewhat larger, but by no means the largest, authorities (Hepburn et al., 2004).

CAO focus group participants of the 2004 Municipal Affairs study state that an ever-present difficulty in establishing and operating regional arrangements is that of overcoming individual municipalities' fears that they will lose their sense of autonomy. Regional distrust and different perspectives on the value of formalized regionalization were profoundly apparent in our interviews. Edmonton officials argued that surrounding municipalities are "free riders" on everything from supplying adequate social housing to enjoying tax revenues that should go to the city to aid it in meeting extraordinary costs that it shoulders for the region. Officials of surrounding municipalities object to these depictions and proposals noting equally familiar arguments such as the diseconomies of scale associated with many human intensive public services, prospects of raising costs, and the significance of nature communities and politics.

Municipal Alberta Considered

Alberta's municipal governments are successful if the accepted purpose of municipal government is to provide good government, maintain safe communities and services and facilities that are either necessary or desirable. Albertans' municipal water, streets and roads, recreation and cultural amenities, local law enforcement agencies and many other services offered by municipal governments are reasonably well provided for, even if there exist infrastructure deficits and municipalities are challenged by the rapid growth of the boom economy.⁷⁴ There are certainly many reasons for this apparent success. The system is mature and stable. Alberta's municipalities are democratic notwithstanding such enduring realities as low voter turnout, differential power between citizens and special interests, and the statistical under-representation of women in elected office to mention a few. There are legislated opportunities for citizen participation and many municipalities routinely provide opportunities for citizen input of some sort, albeit how much of this informs council decision-making is a matter of debate. Local elections are routinely well administered, and many council seats are contested although the number of acclamations might give pause and mounting campaign costs are a matter of concern for some. There is little evidence of systematic corruption at the local level.⁷⁵ The civic administrations of the largest municipalities are competent and professional in most all aspects. Smaller local authorities may be less 'professional' insofar as they do not possess professional depth in their operating divisions, but many CAOs and other senior officials have received formal training in local public administration and most effectively advise their councils and lead their staff complements. Competence and professionalism bolster Alberta local democracy and unquestionably contribute to the general success of Alberta municipal government.

The provincial government plays an important role in fostering the adequacy of the system. Granted that municipal politicians have their complaints, and that some may be

⁷⁴ Calgary ranks with Montreal, Ottawa, Toronto, and Vancouver as the highest quality of life cities in North America according to Mercer Consulting. All these Canadian cities are within the top 50 in the world ranked according to quality of life. See http://www.citymayors.com/features/quality_survey.html.

⁷⁵ There are, however, certainly instances of shenanigans as evidenced in a special inspector's report on election irregularities in Calgary's Ward 10 during the 2004 municipal election. See Clark (2005).

founded, but nevertheless the Government of Alberta has been prudent in its reforms and continues to consult municipalities and the public in most matters of significance prior to bringing forward reform. The extent to which the province embraces municipal and citizen representations (or occasionally even good sense) are matters of occasional dispute, but in many instances policy choices are complex, zero-sum, and the province necessarily has its own interests and requirements to serve that do not always conform to those of municipal government. Credit must also be extended to the province for recent financial contributions to municipal government that are the envy of other provinces, and most recently perhaps a matter of great envy. Although some suggest that the once again the oil rich provincial government finds it easy to simply write large cheques and consider its responsibilities to the municipal community covered, none would have the province keep the funds. Indeed, very recently complaints that the province is disinterested in the crucial problems of the municipal sector are perhaps more muted since the Stelmach government has directed its attention toward such tough-to-crack policy nuts as inter-municipal relations, regional land use planning and development management, provincial and municipal roles and responsibilities, municipal finance and its own support and leadership responsibilities.

The general health of the Alberta municipal system is also promoted by the activities of its two principal municipalities associations, and the host of smaller associations and other organized interests that pay attention to municipal matters. Perhaps indicating the maturation of the Alberta local government generally, the principal associations have developed greater policy advocacy capabilities and have also become more assertive in bringing focused attention to select issues of concern to their memberships. This development has been slow in coming and progresses slowly in part because the province appears to award the association that is the least aggressive in pressing policy demands. But, then, deliberate progress toward a synoptic policy approach is probably a good thing for the associations and their memberships.

There is, of course, room for reform and an extra dollop of enlightened leadership. What follows is comment on six issue areas. In each, problematic particulars are discussed and selected reform innovations contemplated, as are either prognoses or more lightly drawn considerations of the future. Some of this commentary is offered as reflection on observations and opinions provided by individuals in positions of authority that were interviewed by the authors while researching this project. The views of these individuals are integrated into and contemplated in the reflections that follow although, as will be obvious, these reflections are not limited to their views.

Jurisdiction and Functions Considered

We asked municipal and provincial officials whether they thought Alberta municipalities possessed sufficient powers under legislation. Our respondents were nearly unanimous in stating that they believed that most Alberta municipalities possessed sufficient powers under the existing legislation given its permissive nature. This point is echoed in the Minister's Council on Municipal Sustainability (Minister's Council on Municipal Sustainability, 2007). Some respondents qualified their replies observing that the largest cities, especially Calgary and Edmonton, might benefit from receiving additional powers to carry out certain activities that were currently limited or restrained by provincial legislation. Precisely what those powers might be was less clear. Additional powers to tackle affordable housing was suggested by more than one City of

Edmonton interviewee but, even at this, there was understanding that the solution to the affordable housing problem would involve the provincial and federal government; that is, the solution to affordable housing would require a multi-level governance response even if municipalities gained additional rein in the area since the challenges are complex. Indeed, the multi-level governance complexity of policy problems in the metropolitan centres seemed to resonate in discussions. This is not surprising since successfully governing of the larger cities, and the larger metropolitan areas, involves developing policies and providing services that naturally span the mandates of every order of government. Although alignment of roles and responsibilities may make sense in certain circumstances, the greater challenge is to fashion working arrangements in which governments can coordinate their policies, regulation, and service provision. This point is not lost on Alberta governments, but the challenges of such coordination are considerable.

Interviewees were also asked if municipalities should be relieved of certain functions or, somewhat differently, if certain functions should be supported to a greater extent by the province. Several respondents mentioned ground ambulance services as a candidate for relief. These were at the top of the mind undoubtedly because the province reneged on a 2004 promise to transfer ambulance responsibilities to regional health authorities, and compounded the indiscretion by failing to adequately compensate municipalities for action taken in anticipation of the transfers (LeSage, 2005: 72-73). Police funding remains a salient concern since the dividing line between municipalities that benefit from full provincial payment for RCMP policing and those that must pay for a significant portion of the bill is thought to be arbitrary by urban municipalities. Safety code inspections were mentioned as a candidate for uploading – this function was downloaded to municipalities in the 1990s. Most recently, regional transportation funding and allocation issues have come to the fore. The MCMS called for studying the realignment of responsibility and funding sources for municipal transportation services that might include establishing some form of regional entity to address regional transportation requirements.

Respondents stated that municipalities could do more within their legislatively defined spheres of jurisdiction if they possessed more stable revenues and additional revenue sources. However, several interviewees also noted that additional revenue was not the whole remedy. A significant difficulty in carrying present functions – and most certainly relating to taking on new functions – was said to turn on being able to work closely and in harmony with the provincial and federal governments and, although mentioned less, with other municipalities and local governments within a region.

Significantly, the province did not accept the MCMS recommendation that the present alignment of roles and responsibilities remain. Indeed, in its public response to the MCMS's recommendations, the government declared that it would consult with municipal stakeholders to further clarify roles and responsibilities, "including opportunities for the consolidation and administrative streamlining of provincial funding for municipalities" (Alberta Municipal Affairs and Housing, 2007). It is not clear what the province has in mind regarding future realignments but the language of the response concerning opportunities for consolidation and administrative streamlining of provincial funding should raise some concern in the municipal community. The two great recent Canadian experiments in functional realignment – Ontario and Nova Scotia – achieved far less than envisioned because, in part, they were constricted by revenue

“neutral requirements” imposed by the province (Siegel, 2005; Poel, 2005). While it is not clear that Alberta’s provincial government intends to conflate functional realignment and fiscal constraint in the same way as these confounded exercises, provincial policy makers and municipalities should be alert to the recent lesson of history in such matters – functional realignment should not be crafted within a revenue neutral framework since it distorts the principal task as hand. It is best to consider functional realignment on the merits of a clearly delineated and principled approach. It is also important to understand the limits of functional realignment within often complex and shifting relationships among governments and other entities. In this regard, flexible negotiated arrangements among or between the principal orders of government aimed at bringing a combination of governmental resources to bear on pressing issues is likely superior to realignment initiatives that seek to clearly separate functional or jurisdictional domains.

Municipal Finances Considered

Municipal financing will continue to be a significant issue for Alberta municipalities. Our analysis demonstrated the ebb and flow of provincial assistance and some of the consequences. Post-2004, both the federal and Alberta governments have enhanced their support to municipalities – the federal government with its GST relief and “New Deal” funds and, most notably, the province with its new infrastructure grants. The province’s infrastructure programme is striking in that the Klein government’s 2005 \$3 billion over five year transfer essentially doubled the level of provincial grants to municipalities (from about 10 to 20 percent of revenues in the initial year, almost to the pre-1993 levels). The Stelmach government’s 2007 programme supplements and extends that funding. Some might argue that such a restoration of funding sets right the fiscal downloading since the mid-1990s but that would imply contentment with “rough justice” and would ignore the havoc of the wild ride over the previous decade. While the massive infusion of infrastructure manna and other targeted grants and fiscal transfers are welcome, they do not address the “structural” municipal finance problem that is said to challenge municipalities. Municipalities argue that they need stable and elastic financial sources and would appreciate some control over those sources. While there is some logic to this position, it is difficult to separate need, rhetoric and strategic behaviour. The real test would be to provide municipalities a significant alternative (elastic) revenue source and see who is willing to utilize it. The viable options are relatively few and they have their pros and cons.⁷⁶ Thus far no Canadian province has been willing to extend municipalities significant tax powers beyond the property tax.

Despite the recent municipal-provincial councils, the province does not appear to accept that there may be serious structural problems with the financial means of municipal authorities. Perhaps additional municipal tax bases are desirable. Perhaps some reallocation of responsibilities should be introduced. Certainly, provincial transfers to municipalities need review. The province has not taken a comprehensive look at municipal finances for a long time and a new, expert review is long overdue.⁷⁷ We wonder why, if reluctant to extend tax authority, the province continues to be so

⁷⁶ For a discussion see, for example, M.L. McMillan (2004, 2006).

⁷⁷ The last comprehensive review of municipal finances was through the Provincial-Municipal Finance Council, which tendered its final report in 1979. See Provincial-Municipal Finance Council (1979). Also see McMillan (1980).

reluctant to establish a reliable revenue sharing programme, why there is a continuing (although seemingly undeclared) provincial policy of providing transfers only through conditional grants, why the seeming arbitrariness of certain grant schemes, and why the province has failed to provide sufficient aid to the poorest and the highest growth authorities. Much may be right with the system, but it is in need of comprehensive in-depth public analysis, public discussion and provincial leadership directed towards long-term solutions.

Local Democracy Considered

Almost every major review of Alberta local government over the past 20 years has given a nod to the need to bolster local democracy. The Municipal Statutes Review Committee emphasized the need for greater public participation, and the “new” MGA included new provisions for citizen involvement, and greater transparency and accountability in the conduct of council and municipal business. Theoretically at least, the provisions of Part 7 of the Act served as the basis for a democratic counterweight to empowered councils, and there is some evidence that these designs have worked in practice.

Recommendations made in 2005 by the Alberta Tory Caucus MLA committee reviewing the *Local Authorities Election Act* addressed the low level of municipal election voter turnout observing that turnout was the overarching topic heard by the Committee at virtually every public meeting (Prins et al., 2005: 11). The MLA committee provided plausible explanations, some undoubtedly derived from the academic literature, concerning the roots of the low voter turnouts for municipal elections. However, the MLA committee’s prescriptions for remedying the problem while commendable are not without challenge and, on occasion, perhaps impracticable. Suggesting that more effort be placed on educating the young about local government and youth involvement in the political process is laudable since “civics” education is not addressed comprehensively in the formative education of Alberta’s youth. The rub is that governmental and citizenship education in general is deficient in Alberta primary and secondary school curriculums, and that any expansion of what exists must compete with a multitude of other subjects that are also, arguably, under-taught. The practicability of adopting an “innovative alternative voting mechanism” is even more questionable, even if the proposal has certain significant face appeal. If this means proportional representation (PR), we say that municipal Alberta’s unique long run experience with such systems has not demonstrated any sanguine effect on turnout; to the contrary, the public seems to have been confused by the details of the PR approach. Committee suggestions that urban political parties might foster voter turnout and participation are likely valid but the notion of local political parties is not likely to even be placed on the reform agenda unless a political leader emerges (or an issue of significance emerges) that focuses on electoral and political participation as a prime issue. Even at this, the establishment of local political parties (much less political parties with provincial party affiliations) is a difficult sell in Alberta. We have rehearsed some of the reasons for this above, but add that the voting public views local political parties with deep suspicion. It is not clear what might change the public mind on this matter.

We do not hold great hope that the province or the municipalities associations will take great interest in actively addressing the local democratic deficit. The province, while providing some citizen empowerment within the reformed MGA to counterbalance

broader powers of councils, has not addressed such problems as local campaign financing, demonstrated much concern over low voter turn outs, or even made a stab at the relative dearth of civics education in the public school curriculum. Greater citizen participation is the anathema of many municipal incumbents, and thus the municipalities that comprise the municipalities associations' members; hence, it is unlikely that the municipal associations will take the lead in bringing the democratic deficit to the policy agenda. Returning to the leadership challenge, perhaps the broad issue of local democracy will become the *cause celebre* of some third party that is dedicated to improving governance in Alberta. If such a white knight appears on the scene its attention should be cast beyond the narrow confines of election rules and the election process to include ways in which citizen participation in local government can be enhanced and public interest animated in democratic local government.

Provincial-Municipal Relations Considered

The "new" *Municipal Government Act* proposed a new relationship between the province and municipalities in which the local authorities would be freer to act as independent governments for their communities. To date, a decade after passage of the legislation, this envisioned liberty is only partially evident, and the potential provided by the Act is far from being realized. Both the province and municipalities must behave differently to realize the Act's potential. The province must continue to discipline itself to prevent slipping back into a legislative and administrative paternalism in which picayune matters are inserted into municipal legislation to excise a political irritation or bureaucratic inconvenience. Ministers of Municipal Affairs, in particular, must understand the intent and the possibilities of the "new" MGA and turn their department toward realizing both. Such discipline may be difficult, as is evident in ministerial actions seeking to rectify governance and administration problems in the Town of Lac La Biche.⁷⁸ One wonders how liberated local government is achieved when it is the Minister – not the local electorate through its plebiscite or electoral powers – that effectively fires the CAO and authoritatively mandates council harmony.

Municipalities also have a role in realizing the potential of the MGA. To be sure, many municipalities have little need to act much differently than they have traditionally given the stable requirements of governance in their jurisdictions or the conservative preferences of their electorates. However, energetic municipalities are certain to find that the province's municipal legislation provides them considerable room for independent action, even imaginative action. What this means in practical terms for provincial-municipal relations is that municipalities might best relate to the provincial government as partners in the governance enterprise. Some do this as a matter of course, but many do not. There is a paradox of freedom here in which municipalities are theoretically free (or, at least, freer than they were before 1994), but many are timid with these freedoms and often rely heavily on the province for guidance and support that is perhaps better found within the general municipal community.

Alberta has no cities policy. This is curious and problematic since the issues confronting the cities are significant and will continue to grow in the face of headlong economic vitality. A comprehensive urban policy would address urban sustainability

⁷⁸ See Ministerial Order L: 171/05, and attending correspondence from Rob Renner, Minister of Municipal Affairs to His Worship Ron Lett, Mayor, Town of Lac La Biche, December 23, 2005.

issues (including those relating to the urban cores and the unique circumstances of the core cities of the metropolitan regions), the urban form, transportation and other infrastructure, adequate housing, and the myriad of social issues that exist or are developing such as the growing and complex problem of urban aboriginal residents. The provincial government has shown little inclination to construct an urban lens through which to better understand the comprehensive requirements of the province's urban areas. Such a lens is a requisite to developing a comprehensive urban policy, and is also an instrument to improve the quality of life in places where now most Albertans live and work.

We take some cheer that the provincial government resuscitated the provincial-municipal dialogue through the Minister's Council on Urban Sustainability and that it has taken the recommendations of that body seriously even if it has reserved judgment to date on several of these recommendations. However, it remains that the MCMA was a minister's council and such bodies normally live and die with the passage of individual ministers. If the Government of Alberta were to be truly ambitious about strengthening provincial-municipal relations it would establish and sustain a Premier's Council with the Minister of Municipal Affairs promoting the initiative. Such a council was inaugurated during the Getty premiership and dropped with little fanfare. This history might make efforts to establish a new council a tad more difficult (some will remember the effort and its consequence), but it remains that there is a new premier and with this new opportunity.

Regionalism Considered

Regional government ranks with the sales tax (and perhaps local political parties) as a political non-starter in Alberta. Any mention of regional government is guaranteed to produce an immediate and negative reaction within most of the municipal community. Provincial government officials too (elected and appointed) have little taste for the concept. Regional cooperation is a more widely accepted approach to addressing regional issues, and from research that we have conducted in the Edmonton area, and our attention to regional service commissions, it is clear that municipalities are prepared to cooperate when the advantages are obvious to them (Hepburn et al, 2004). All the same, substantial provincial acceptance of the Radke Report (and of the Minister's Council for Sustainable Communities proposal that Alberta's two metropolitan regions be placed under some form of regional planning and service delivery regime) reveals that even in Alberta some forms of regional administration are necessary and acceptable. When considered, the Stelmach government's emerging philosophy on regional planning and service delivery is perhaps best described (with apologies to William Lyon Mackenzie King) as one of regional administration when necessary but not necessarily regional administration.

Alberta Municipal Affairs has provided grants over the last several years through the Regional Partnership Programme for establishing partnerships but these amounts are small. Although welcome, these grants and provincial policies generally do little to address winner-loser situations in which there is inequitable distribution of revenues or the sharing of costs for the production of certain services that affect a region or significant sub-regions of one. Furthermore, there appears to be an uneven (and perhaps unfair) distribution of responsibilities for what might be considered regional services. In a number of regions some form of general regional service delivery entity would appear

appropriate, most likely through the creation of special purpose agencies or, perhaps, general purpose agencies collectively “owned” by the municipalities of the region. Regional services commissions exist as a structural form that can facilitate regional service production. However, to date, despite a steady increase in the number of RSCs over the past decade, these bodies have not been used to the extent appropriate. RSCs would appear to have potential for addressing the promotion of regional economic development, provision of regional emergency response services, and the provision of regional recreational and cultural facilities and services, to mention some of the most salient prospects. One need only look to the west and British Columbia’s regional district system to gain a full appreciation of what fully-fledged Alberta RSCs might look like.⁷⁹ It will be of interest to see if provincial funding promised under the Municipal Sustainability Initiative, with its incentives for partnering and collaborative action, will stimulate such new and expanded uses of the RSCs.

Also of interest is whether the province will take up the MCMS’s recommendation that the government examine opportunities for establishing regional service delivery agencies that possess powers to levy and collect their own revenue. This is an audacious proposal that potentially could usher in a new structural form (something different than the RSCs as they presently exist). Clearly policymakers must confront important questions if they are truly serious about granting independent taxation authority. For example: are these to be provincial authorities or local authorities; if they are local taxing authorities, how will they be democratically representative? Much as Albertans disdain the layering on of government, and as difficult as this public (and political) prejudice makes even openly contemplating a fourth and interstitial level of government at the regional level, there are merits in considering such prospects. If nothing else, if regional service delivery agencies do possess powers to levy and collect revenue, and if they possess mandates independent from (although presumably complementary to) municipal authorities, they would be in a position to make policy and provide services for a regional public rather than for a region’s municipal councils. The difference is not subtle.

The province’s acceptance of the Radke Report’s recommendation for a new regional Capital Region Board (CRB) suggests an alternative route to regional administration. The CRB is a provincial entity, defined under special order-in-council legislation, not the sections of the MGA reserved for Regional Service Commissions. Board authority over regional planning, and municipal development and area structure planning reintroduces much of the old regional planning administration abandoned in the mid-1990s. It has responsibility for a limited number of regional services and a watching brief for a larger number that can become direct Board responsibilities if the Board requests the responsibility and the province approves; that is, there is prospectively significant service delivery and policy oversight functionality for the body. The provincial government will use its authority to requisition funds from regional municipalities to cover costs of major regional projects. This is clearly an alternative approach to the granting direct taxation powers to regional service delivery entities as suggested by the MCMS.

Whether the province will quickly seek to establish a similar regional planning and service board in the Calgary region remains to be seen. No movement on such an innovation is immediately evident, in part because the Calgary region is not facing the

⁷⁹ See Robert Bish (2006) for discussion of British Columbia’s regional districts.

same level of heavy industrial development envisioned for Capital region. Yet it is likely that some form of regional planning authority will emerge given the province's acceptance of the Minister's Council suggestion that both major metropolitan areas be placed under a regional planning regime. One reason for not rushing development of a Calgary regional body is that prudence suggests at least some time is required to determine whether the Edmonton region arrangement will work. There is considerable onus on all municipalities in the Capital region to work together, but there is also a considerable tension in the system. Some of this is epiphenomenal and tied to the personalities of current municipal leaders but much of this tension has roots in deeper objective interests. While Edmonton begins to actively pursue a "densification" agenda for development (not a bad idea given that it is the least dense of all Canada's major cities), surrounding counties promote "country residential" development as means to sustain rural life. Furthermore, the devil is clearly in the details across a whole range of matters including the very definition of a regional project, establishment of key regional priorities, and cost allocation formulas.

Elsewhere in the province new specialized regional planning and administrative bodies, patterned on the CRB, will not likely to emerge, at least in the near term. The MSMC recommended, and the province accepted, a politically and administratively practicable approach wherein existing inter-municipal planning matters will be routinely handled through inter-municipal development plans and inter-municipal disputes through final offer arbitration whenever possible; only when these avenues provide inadequate and a sufficient number of municipalities are affected does it appear that regional administration will be seriously considered by the province. One suspects that in such instances the RSC mechanism, especially if given local requisitioning or direct taxation authority, may prove wholly suitable to address regional administrative needs well into the future. The instrument of the Specialized Municipal, as used in the vast Wood Buffalo region, might also provide a convenient means for affecting regional harmonization if voluntary and collaborative efforts fail. And, again, the British Columbia regional district model recommends itself.

The Alberta Capital Regional Alliance was a casualty of the Capital Region's inter-municipal acrimony and Edmonton Mayor Stephen Mandel concerted push toward some form of regional development management administration. *Working Together* was critical of the Alliance's capacities and perhaps also dismissive of its accomplishments. Although some of the criticism levied against ACRA are defensible and much contains some pebbles of truth, it remains that ACRA and the council of governments form have been overly and improperly slagged. We have looked favourably on the regional partnerships that developed in the two major metropolitan areas, although we are aware of their limitations. Criticism levied by Edmonton politicians and others at the Alberta Capital Regional Alliance, claiming the body as either terminally ineffective or irrelevant, were indeed unfair insofar as much of the criticism was aimed at what was purposefully (and necessarily) excluded from the mandate of the body. For example, ACRA could function as a forum in which to discuss the need for regional planning or for development control, but it was not formally established as a body that could implement and administer such things. ACRA's politics of consensus prevented it from supporting proposals that would create winners and losers in regional development (or, perhaps more accurately, new winners and losers). However, the body didn't exist to establish authoritative and binding decisions. It was an entity that served as a regional municipal political forum

devoted to the aggregation and articulation of issues. It existed to share information and ideas, and to lobby and otherwise communicate collective regional preferences to the provincial and other governments and entities. When fully functioning, ACRA brought the collective regional municipal leadership face-to-face with the leaders of other regional bodies and with regional and provincial business interests. While political and other elites frequently meet in other venues during the course of their duties, they don't naturally do so to deal specifically with regional matters; ACRA facilitated this intercourse. It is not gilding the lily to suggest that ACRA also functioned to uncover (or discover) divisions of interest that existed within the region – something that could serve as a useful first encounter to policy discussions with the province pursued by independent factions within the region.

The criticism that we levy at Alberta's metropolitan regional partnerships is that they are (or have been) too narrowly conceived; representatives from non-municipal regional leadership should be at the tables (although we acknowledge Calgary's right step in this direction by including the Sarcee Band). It is more than a pinch ironic that partnerships dedicated to tackling regional issues do not include any regional organizations (e.g., regional health authorities) or organizations with considerable interest and consequential effects on the economies and civil society life of the regions (e.g., major post-secondary institutions). All the same, the partnerships must be understood for what they – still new and novel efforts to address regional problems in the absence of formal regional governance structures. With the innovation of new bodies such as the CRB and expansion of Regional Service Commission functionality the relevance and attractiveness of council of governments styled bodies will pass into irrelevance. Yet to the extent that CRB styled bodies aren't voluntary, and are tied very closely to provincial objectives, we expect something will be lost in transition.

Multi-Level Governance

Municipalities now enjoy the prospect of increased and predictable federal funding over the next few years. Likewise, it is apparent that provincial government has no great objection to federal "new deal" funds moving through it to Alberta municipalities. Unlike the Alberta provincial government's penchant during the 1970s and 1980s for retaining portions of federal transfers intended for the municipal, universities, schools and hospital(MUSH) sector, or for rejecting federal transfers unless exacting demands were met, this time around the funds are flowing uninhibited. This has created a fragile climate of good will among the principal representatives of all three orders of government. Whether the good will can be expanded so that a foundation for more ambitious multi-level governance is laid is a very big question. We take heart that some who participated in the negotiation of the Canada-Alberta "new deal" agreement speak optimistically about the just inaugurated Trilateral Table on Community Sustainability. Granted, this new structure is completely untested but, with it being composed of senior officials drawn from federal, provincial and municipal ranks (including the municipalities associations), it certainly brings together important and concerned administrative personnel. Further, the discourse is one that will be able to grow and find its proper weigh over a full five years. It may be that such an extended exchange will exhaust the tenuous good will that exists between the parties but the opposite effect – that they will find areas of consequence to work on and to successful address – also is possible.

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