



November 7, 2013

The Honourable James M. Flaherty,  
Minister of Finance  
140 O'Connor Street  
Ottawa, ON K1A 0G5

Dear Minister Flaherty:

AUMA is committed to ensuring our communities are sustainable and can contribute to Canada's economic, social and environmental prosperity, serving as critical hubs for attracting citizens, enable a sustainable business environment and to provide Canadian's with the quality of life they expect.

On behalf of urban municipalities, AUMA is pleased to provide the attached submission to the 2014 federal budget. The submission reflects that Alberta and its municipalities continue to be an economic engine for Canada. Alberta's economy grew briskly for the third straight year in 2012. Real GDP expanded by an estimated 3.8%, propelled by a jump in consumer spending and residential investment, along with continued gains in business investment. Alberta led all provinces with 2.7% job growth, and had the nation's lowest unemployment rate. This growth enables Alberta is be a key contributor to Canada's economic and social prosperity, which in turn benefits the well-being of communities across the country through providing revenue to fund their own growth and sustainability. However, this growth can only be sustained if two key challenges are addressed for Alberta - ensuring market access and enabling sufficient municipal infrastructure to support our economy.

Specifically, we draw your attention to the following priorities for Alberta's municipalities:

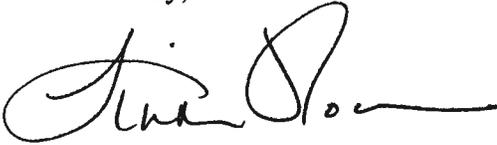
- ✓ All Long Term National Infrastructure Plan funding flows directly to municipalities to address critical local infrastructure priorities and that funding allocations recognize the need to address Alberta's rapid economic growth and the infrastructure challenges associated with that growth.
- ✓ Through collaboration with provincial and local governments, the federal government addresses challenges associated with market access for Alberta's energy resources.
- ✓ The Disaster Assistance Program is reviewed and adjusted to better meet the needs of affected communities with increased funding for disaster mitigation to reduce the financial impacts of these events in the future.
- ✓ Financial and reporting challenges associated with the new wastewater standards are addressed.
- ✓ Other pressures of high growth are resolved – for example, affordable housing, labour mobility, sufficient policing, rail and transportation safety.

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Honourable James M. Flaherty  
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We look forward to hearing from you and responsible ministers on our submission.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Sloan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Linda Sloan  
AUMA President

Enclosure

cc: The Honourable Jason Kenney, Minister of Employment and Social Development  
The Honourable James Moore, Minister of Industry  
The Honourable Denis Lebel, Minister of Infrastructure, Communities and  
Intergovernmental Affairs  
The Honourable Steven Blaney, Minister of Public Safety and Emergency Preparedness  
The Honourable Kellie Leitch is Minister of Labour  
Claude Dauphin, President of Federation of Canadian Municipalities

# 2014 Federal Budget Submission

September 30, 2013



## Alberta's Economic and Social Contributions to Canada's Future

### About AUMA

AUMA represents 272 urban municipalities – including cities, towns, summer villages, and villages. We work on a broad range of issues that impact our members and strive to support economic, social, cultural, and environmental vitality.

### AUMA's Vision

Municipal governments are a fully engaged order of government and have the capacity to build thriving communities.

### AUMA Mission

The Alberta Urban Municipalities Association empowers municipalities by providing visionary leadership, solutions-based advocacy, and service excellence.

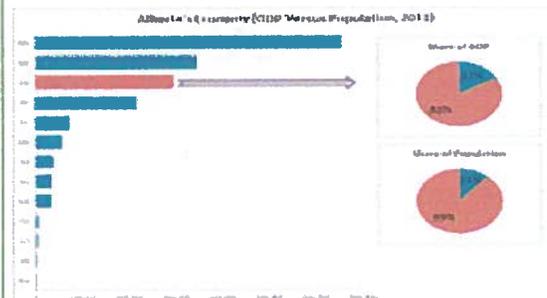
To learn more about AUMA please visit our website!



[www.auma.ca](http://www.auma.ca)

Alberta continues to be an economic engine for Canada. On average, Alberta's GDP grew by 3.4% from 1991 to 2011, far outpacing the national average of 2.6% and our closest competitor (British Columbia) at 2.7%. Alberta's economy grew briskly for the third straight year in 2012. Real GDP expanded by an estimated 3.8%, propelled by a jump in consumer spending and residential investment, along with continued gains in business investment. Alberta led all provinces with 2.7% job growth, and had the nation's lowest unemployment rate.

This growth enables Alberta to be a key contributor to Canada's economic and social prosperity, which in turn benefits the well-being of communities across the country through providing revenue to fund their own growth and sustainability.



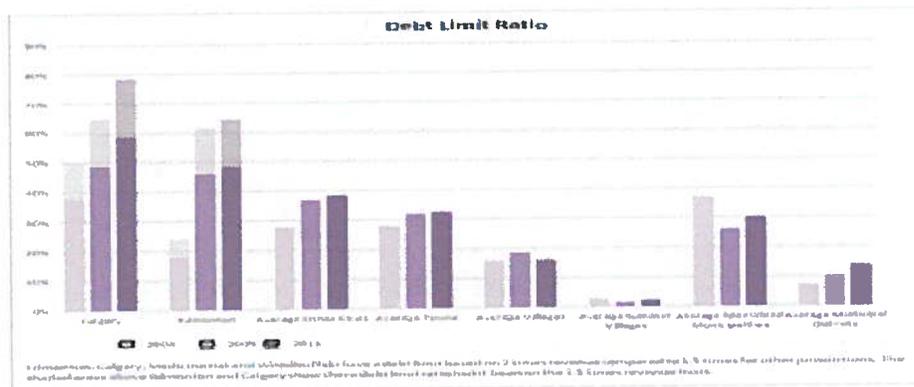
Both the federal and provincial governments receive significant wealth from Alberta's resource industry. The Canadian Association of Petroleum Producers estimates that the federal government will receive \$311 billion in tax revenue from Alberta's resource sector from 2010 to 2035.

In addition to these financial contributions, Alberta's active employment market and vibrant and beautiful landscapes are attracting businesses, workers, and visitors from all over the world, expanding our cultural diversity and enabling our social growth.

- ✓ Statistics Canada estimates that a \$1 net decrease in public capital stock results in 17 cents on average in private-sector cost increases.

Municipalities are responsible for providing core critical infrastructure that enables Alberta's business activities as well as provides quality of life services to attract and retain the necessary workforce to support our economy. Examples of this critical infrastructure include transportation and transit systems, water and wastewater management systems, fire and police facilities, waste management, and culture and recreational centers. Alberta's municipalities have had to address significant infrastructure pressures resulting from rapid energy driven growth. Our challenges include aging water and wastewater management systems; insufficient transportation systems to connect Alberta's natural resource products to markets; and a lack of community infrastructure to keep pace with our population growth.

Unlike the federal and provincial governments, municipalities have very few funding options and directly retain only 10% of the tax revenue in Alberta. Our municipalities are therefore forced to rely on the generosity of other levels of government to receive a share of the resource wealth generated in Alberta. Consequently, municipalities have been either taking on debt (see below) to address the shortfall or allowing the infrastructure backlog to grow – both of which are short term solutions.



Edmonton and Calgary project an infrastructure funding gap of about \$10.9 billion and \$7 billion respectively by 2021. It is possible that the urban municipal deficit in Alberta could be in the range of \$26 billion which annually equates to at least \$2.6 billion. Deferring maintenance (or not performing repairs at all) leads to much higher rates of deterioration and repair bills that can equal the cost of the original asset.



## Budget Requests

Issue	Request
<p><b>Long Term National Infrastructure Plan and Transportation</b></p>	<p>AUMA appreciates last year's budget announcement of the new Long Term National Infrastructure Plan. However, details around the implementation of this program, particularly the Building Canada Component, cannot wait until Budget 2014 to be resolved. Municipalities have already begun their 2014 budget planning and delaying the implementation of these details will put the 2014 construction season at risk. At the same time, Alberta's major urban centres have grown to the point where other centres received specialized funding for transportation/transit in the past. AUMA recommends that:</p> <ul style="list-style-type: none"> <li>✓ Municipalities actively engage with the federal and provincial governments in determining their respective provincial/territorial agreements by fall 2013.</li> <li>✓ All Building Canada Funds should be used for municipal infrastructure only.</li> <li>✓ Priorities should be set by each municipality so that they can address specific local needs (i.e., targeted or envelope funding restricts local autonomy and may penalize municipalities if they have already addressed a particular infrastructure challenge).</li> <li>✓ Allocations should reflect pressures associated with economic growth and resulting contributions to the national economy, including the need to address transportation/transit to sustain this growth.</li> <li>✓ The \$1 million threshold for indexing the Gas Tax Fund needs to be resolved.</li> </ul>
<p><b>Market Access</b></p>	<p>Alberta is in a position to help to satisfy two of the world's greatest needs – a reliable supply of food as well as energy. The trade of goods and services is expected to increase 73 per cent by 2025 and Canadians are well positioned to benefit from this trend. The benefits of Alberta's resource potential is not confined to just Alberta. It is estimated that the oil sands industry will purchase roughly \$117 billion in supplies and services from Canadian provinces outside Alberta over the next 25 years – about \$5 billion/year. However, to seize on this opportunity Alberta needs access to markets. AUMA recommends:</p> <ul style="list-style-type: none"> <li>✓ That the federal government fully engages in the development of the Canadian Energy Strategy.</li> <li>✓ That the federal government continues to encourage the pipeline approval process both domestically and internationally by providing fact-based information about pipelines, Alberta's energy sector and Canada's positive environmental record.</li> </ul>



	<ul style="list-style-type: none"> <li>✓ The Government of Canada work with the provinces and territories to expedite the harmonization of federal and provincial wastewater reporting, including the timely completion of equivalency agreements wherever appropriate.</li> <li>✓ The Government of Canada fund the cumulative incremental costs of establishing a harmonized reporting system.</li> <li>✓ Any costs associated with making upgrades required to meet the standards be eligible for funding under the Long Term Infrastructure Plan.</li> </ul>
Housing	<p>Providing affordable housing ensures that the health and safety needs of lower income Canadians can be met, but also has the side benefits of: creating employment in construction/design/engineering/etc. fields; promoting labour mobility and therefore productivity; reducing crime; improving childhood development and education. The federal government should increase support for affordable housing by:</p> <ul style="list-style-type: none"> <li>✓ Providing greater market choices in housing options, while ensuring home care for those who need it, especially in rural areas.</li> <li>✓ Ensuring affordable housing in high growth communities associated with the energy sector in particular.</li> <li>✓ Working with cities and communities to lower investment barriers to building new rental housing.</li> <li>✓ Extending the affordable housing programs by an additional 5 years and indexing them to recognize cost growth.</li> </ul>
Rail Safety	<p>AUMA is pleased to be working with the Federation of Canadian Municipalities and other stakeholders to improve rail safety in Canada. We look forward to establishing a long-term engagement process with the federal government where municipalities have ongoing opportunities to address rail safety concerns. AUMA recommends:</p> <ul style="list-style-type: none"> <li>✓ The federal government implement the following recommendations relating to the rail/roadway crossing review: <ul style="list-style-type: none"> <li>o Limit the time trains spend in intersections in order to ensure that roads are not blocked for an extended period, particularly in regards to impeding responses to emergency situations and in terms of unduly frustrating drivers. There should be a 10 minute maximum irrespective of whether the train is moving or not.</li> <li>o Provide adequate mechanisms to control the amount of time between separate trains entering the intersection (i.e., not more than one train every 30 minutes).</li> <li>o Address the need for additional controls (particularly around shunting) during peak traffic</li> </ul> </li> </ul>



	<p>for early and open consultation on RCMP contractual matters.</p> <ul style="list-style-type: none"><li>✓ The severance liability to RCMP employees should reflect a ten-year period with zero interest.</li><li>✓ The federal government should ensure the continuity of national police services (e.g., crime labs) and address high crime rates in at-risk communities.</li><li>✓ The RCMP need to work more closely with municipalities to ensure that adequate cover-off during holiday and sickness leaves is provided so that crime enforcement does not spill over onto local police forces in the area.</li></ul>
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