

Potential Infrastructure Funding Options

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Background

The Alberta Chambers of Commerce (ACC) believes that all three levels of government need to recognize the fact that new and existing infrastructure (facilities, services and transportation) is absolutely essential to the quality of life of their constituents and to meet the demands for growth in all sectors of the economy.

Funding for the maintenance of existing infrastructure and expansion of new infrastructure must be given the priority necessary to meet these demands.

No one would disagree that health and education are cornerstones of our society. They are essential to maintaining a healthy population and an educated workforce. By the same token, no one would argue that access to these services is any less important.

Given that construction is fundamental to these services and arguably the largest employer and contributor to the economy, it follows that construction must be afforded sustainable funding throughout all economic and political cycles.

In phase two of the Alberta Vision 2020 series focusing on sustainable municipalities, the ACC makes the point that “municipal governments have more responsibility for growth-facilitating infrastructure than when Canada’s municipal finance system was designed and their primary revenue source, the property tax, responds slowly to economic growth. The widespread benefit of an efficient infrastructure system is captured more effectively by provincial and federal taxes, as revenue and sales taxes grow with the economy.”

As such, the report makes the recommendation that no new tax tools are needed, simply a reallocation of current revenue between the three orders of government.

A free enterprising private sector is the engine of our economy and our quality of life. It also follows that construction must be provided with a sustainable future. Plans for new infrastructure and the maintenance of existing infrastructure must be clearly defined in the near and long-term.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

1. Work with other provinces to encourage the federal government to introduce an escalator to the Federal Gas Tax Fund to protect the value of the Fund over time, ensuring that it will continue to deliver the intended benefit in the face of inflation, population growth and general economic growth in the economy.
2. The prioritization process should take into account the objective of putting allocated infrastructure money to use as quickly as possible as a means of stimulating the economy during periods of economic recession.
3. Provide stable and predictable funding in the short and the long term, as recommended in Alberta Vision 2020. Infrastructure should be seen as an investment opportunity with an identifiable payback resulting from growth in the economy.
4. Consider options where circumstances warrant, such as public-private partnerships, privatization, leverage of funding with other orders of government and the private sector.
5. Reduce municipal spending obligations by reassigning certain fiscal responsibilities to the provincial level.
6. Allow municipalities greater flexibility in capital finance to encourage greater use of borrowing through non-traditional means.