

Enhancing Municipal Accountability and Transparency in Alberta

Issue:

A renewed focus by local governments on core services and fiscal transparency is essential to Alberta's economic competitiveness.

Background:

Municipalities play a vital role in shaping strong local economies. However, business owners and residents alike face mounting concerns regarding a lack of clarity, accessibility, and accountability in municipal budgeting processes. Additionally, when municipalities extend beyond their legislated responsibilities into areas best served by the private sector, they risk distorting local markets and undermining economic competitiveness. A renewed focus on core services and transparency is essential for restoring public trust and creating conditions where businesses can thrive.

Alberta municipalities are entrusted through the Municipal Government Act (MGA)⁵² with delivering essential public services such as transportation networks, water and wastewater, land use planning, and emergency services. These foundational pillars of local governance play a vital role in shaping strong local economies. However, many municipalities have expanded beyond these mandates - engaging in commercial activities such as land development, recreational facility operation, and telecommunications - areas that often directly compete with private enterprise.

Such expansions create an uneven playing field for businesses that operate without public subsidies or tax exemptions. This "mission creep" can also divert limited resources from critical infrastructure needs and inflate municipal budgets without corresponding increases in transparency or accountability.

Furthermore, municipal budget documents are often highly technical, overly complex, and difficult for the average taxpayer to interpret. Inconsistent formats and limited explanations of key cost drivers hinder the public's ability to understand how tax dollars are being spent. For example, many municipalities lack clear reporting on operating surpluses, utility cross-subsidization, and off-budget expenditures. Similarly, franchise fees or local access fees, charged by municipalities through utility bills, are rarely itemized or explained, leading to perceptions of hidden taxation.

As municipalities face increased fiscal pressure and growing service demands, it is crucial that they remain aligned with their legislated responsibilities and adopt transparent practices that foster trust and economic growth. Clearer cost structures, a sharper focus on core services, and more accessible budget information will ensure municipalities contribute to, rather than compete with, the private sector.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Require municipalities to prioritize their operations around core services as outlined in the Municipal Government Act avoiding overreach into areas that duplicate or compete with private business activity.

⁵² Municipal Government Act, Part 1, Section 3 sub. b

https://kings-printer.alberta.ca/1266.cfm?page=m26.cfm&leg_type=Acts&isbncln=9780779851669

2. Establish standardized budgeting requirements that ensure municipal budgets are easy to understand, publicly accessible, and include:
 - a) Line-by-line operational and capital expenditure breakdowns;
 - b) Performance metrics for evaluating program effectiveness;
 - c) A consistent, meaningful process for public engagement during budget development.
3. Develop a standardized framework for reporting utility costs, ensuring consistency and comparability across municipalities, including detailed annual reports on costs by program area and funding sources, as well as franchise or access fees, transmission and distribution fees.
4. Encourage municipalities to align local fiscal and regulatory policies with provincial initiatives to enhance Alberta's overall competitiveness and reduce excessive or duplicative regulatory requirements. This includes reducing red tape, maintaining competitive tax rates, and avoiding cost structures that deter private sector investment.