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Alberta

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Introduction

The province of Alberta was established in 1905 through the Alberta Act as part of a federal rapid settlement initiative. Economically it has hinged upon agriculture, and for the past 70 years, resource extraction (particularly energy). These economic patterns have reinforced politics in the province - local resentment of regulation from higher government has long been common as a result demands for local autonomy and the marketing of the West as the land of freedom and opportunity¹. This resentment transitioned to alienation through the 1970s and 1980s, primarily due to tensions over provincial natural resource control¹. Up to the 2015 election of New Democrat Party (NDP) Premier Rachel Notley, the Progressive Conservative Party were able to maintain political and economic control for 44 years by presenting the province as restricted by outside interests (especially Ottawa) in provincial resources^{1,2}. Recent population growth (driven by economic development) has led to a (proportionately) large urban population, creating additional pressures on rural municipalities. Specifically, land taxation has not kept up with demand for infrastructure, requiring more provincial support. This demand has further reinforced a gap between rural and urban municipalities as the population and their tax base moved to urban areas^{1,3}. This is further compounded by a broader trend of devolution, with responsibility for health and social programs downloaded from the province to municipalities. As a result, real concern for the sustainability of municipal governments and communities has emerged¹. While the province has encouraged voluntary regional partnerships to conserve local resources and deal with regional issues, these efforts have been largely hindered by a history of distrust for regional initiatives and an ambiguous definition of qualifying initiatives¹.



Demographics and Human Capital^{4,5,6,7,8,9}

- Population: 3.7 million
- Growth rate: 1.8% (2010)
- Urban centres (Calgary and Edmonton) accounted for 77% of growth between 1996 and 2010
- 35% of population growth due to natural increase, 65% due to migration from 1996-2010
- Athabasca-Grande Prairie-Peace River region had highest total fertility rate, which may be influenced by a high Aboriginal population
- Urban centres (Edmonton and Calgary) account for 80% of the provinces' migrants, and 90% of immigrants
- As of 2011, 15.8% of Canada's Aboriginal population resides in Alberta (this includes 13.7% of First Nations, and 21.4% of Métis peoples)
- As of 2011, 16.9% of Alberta's population resided in a rural region
- 707,646 residents are considered within a rural area, though 137,000 of this population are strongly influenced by census metropolitan areas and/ or agglomerations

Governance

On a federal scale, a retreat from rural regions is observed in policy shifts that include abandoning farm subsidies under international trade rules and handing over agricultural research to the private sector¹⁰. The progression of this sense of neglect can be broken into three stages¹⁰. The first stage is the election of the Progressive Conservatives (PC) under Peter Lougheed in 1971, which "corresponds to a period of aggressive interventionist 'provincial-building' on behalf of indigenous capital that continued until the oil boom in 1982"¹⁰. Although the banishment of Social Credit at this time is seen as a reflection of the transition to an urban and corporate-focused Alberta, the PCs also appealed to rural communities through promises of improving quality of life to the equivalent of urban citizens, and reversing depopulation¹⁰.

The second stage (1982-1993) is a transitional period that can be characterised by deficit budgets, and desperate expensive attempts at economic diversification in the midst of a collapse in the energy sector¹⁰. Due to pressures from the NDP and Liberals, the PCs under Don Getty increased rural support by such promises as expanding Agriculture Development Corporation farm loans, and paving all secondary roads (though this promise was never upheld). These deals coincided with the generally reactive role the province took toward global investors at this time.

The third stage (1993-2015) reflects this reactive role. For rural Albertan communities, global investment was encouraged through the aggressive promotion of pork production and processing. The encouragement and failures of these developments divided rural communities based on whether to encourage more value on economic benefits, or environmental security. This issue was also observed in relation to the energy sector. For those who have remained optimistic about the economic benefits of energy extraction, technology has been the resort solution for both improving efficiency and environmental restoration, but the latency and irreversibility of effects on the environment are ignored¹¹.

The third stage deals with the "Alberta Advantage;" a foreign investment pitch with low taxation as the central focus¹⁰. The government's physical presence has continued to recede in rural communities as shown through cuts to municipal grants and the machinery and equipment tax, and downloading budget allocation to regional boards in the education and health sectors¹⁰.

Following changes to municipal and rural governance in other provinces, amalgamation is used as a means to ensure that municipalities have the financial and technical capabilities to provide the full extent of services they are responsible for, to reap economies of scale, and to reduce spillovers of service delivery¹². Although there has never been a forced amalgamation in Alberta, cuts in provincial transfers in the 1990s caused voluntary amalgamation within rural communities. An alternative to amalgamation through the Municipal Government Act for local government restructuring is a viability review, and such reviews are increasingly seen as necessary, and positive, steps for smaller communities. However, the effectiveness of amalgamation as a cost-saving measure, as well as its ability to provide quality services, is often a subject of debate¹³.

Rural Economy

Alberta is divided into eight economic regions. Trade is the most prevalent employment opportunity in most regions, and for Alberta overall, but the dependence on each sector varies in each region⁶. The second and third industries by employment provincially between 1996 and 2010 were health care and social assistance, followed by construction⁶.

In 1998, the province initiated a pilot regional economic development alliance in response to the numerous ad-hoc community partnerships that had developed in the mid-1990s, and to increase economic development through collaboration of these groups. After review of this pilot project, the province developed a Regional Alliance Strategy Initiative in 2000, which was to support development of a Regional Economic Development Alliance (REDA) network. The alliances were to “enable regions to compete more effectively in a global marketplace and improve investment attraction...”¹⁴. There are currently eleven REDAs distributed across the province.

In late 2014, Alberta Agriculture and Rural Development released the Rural Economic Development Action Plan for economic development strategies, innovative ideas, and conditions for success. Based on input from the Rural Economic Development Task Force, the plan was developed to improve current programs and services in rural and Aboriginal communities, outline how to reduce duplication among provincial ministries and quality of service for stakeholders, and identify new ways of addressing common challenges¹⁵. Areas of focus within the plan include: industry and business development; financial and capital access; attraction, retention and entrepreneurial development; rural business infrastructure capacity; and regional and cross-regional collaboration¹⁵. Issues for rural economic development were barriers to development for future generations, financial hurdles for businesses that are in need of capital for new and expanding enterprises, demographic changes require focus on attracting skilled workers and their families (i.e., youth urbanization is leaving rural communities with a largely senior age structure), infrastructure limitations, effective use of resources requires collaboration between regional and government departments¹⁵.

Rural Infrastructure and Services

Rural municipalities are generally in similar or worse financial positions than urban municipalities due to the proportionately higher expenses incurred by these areas. Their expenses are higher because of lower populations and larger networks of infrastructure. Although Albertans tend to rank infrastructure as a priority, rural communities have equal percentages of public support and opposition when prompted with the suggestion of tax increases to facilitate infrastructure development¹⁶.

Rural broadband has been an important infrastructure issue for rural communities, as some see it as a means for retaining youth, connecting citizens, providing educational opportunities, and attracting new residents and businesses¹⁷. The Town of Olds has taken on an individual project to ensure their residents have access to a fibre-optic network^{17,18}. Another infrastructure initiative is the Alberta SuperNet. This was established by the Government of Alberta in 2001 to provide high-speed fibre optic and wireless access to the majority of rural communities¹⁸. Prior to SuperNet, only seven service providers were available outside of urban centres, as opposed to the estimated 81 currently available¹⁸.

Energy is the single largest contributor to Alberta’s GDP. The pipeline infrastructure across this province is extensive, with a crude oil network extending to Canadian and US markets, as well as a well-established petroleum product network. Most of the petroleum product pipelines are privately owned and do not cross provincial, territorial, or federal borders, so they are not regulated by the National Energy Board¹⁹. An increase in production from Alberta’s oil sands, higher demand, and the associated rise in crude oil prices have resulted in the development of crude oil from Alberta’s oil sands becoming profitable, and a number of crude oil expansions and pipeline construction projects have recently occurred and production is expected to continue to grow¹⁹. The increased demand for blending agents needed to transport bitumen due to the high viscosity of the raw product will cause further stress to current infrastructure¹⁹.

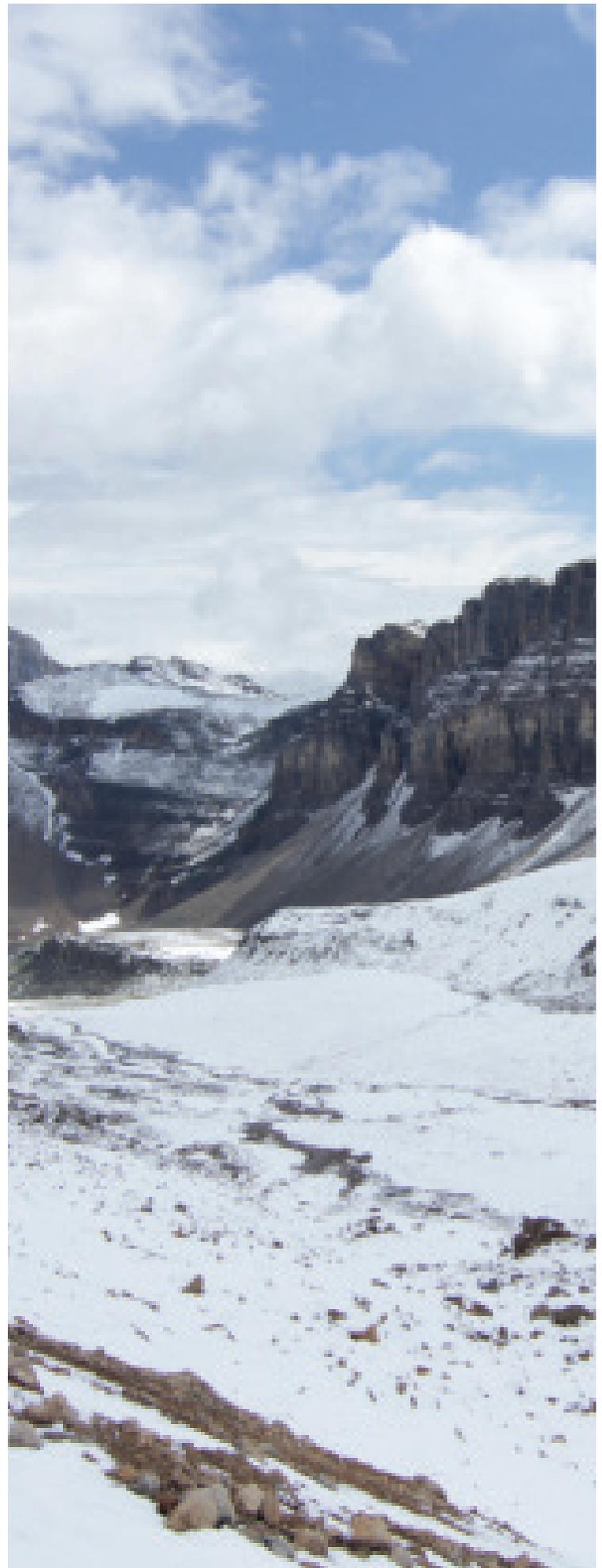
Tight gas, shale gas, and coalbed methane production are all expected to increase and has the potential to temper the decline of conventional gas production in western Canada. Although Montney tight gas and Horn River shale gas in Northeast BC are the primary areas of development, supplementing processing and pipeline capacity to access existing pipeline systems

in Alberta are also being considered¹⁹. Growth in Alberta's natural gas demands are driven by oil sands developments. North Central and Northeast regions may require more infrastructure to transport natural gas to the oil sands¹⁹.

Aboriginal issues

Of the eleven numbered treaties signed across Canada, Treaty 6, 7, 8, and 10 incorporate some portion of Alberta and are relevant to Aboriginal people in Alberta. The issue of resource exploitation affects treaty First Nations in Alberta, especially northern communities. Water, land, and wildlife are affected which in turn affects ceremonial, recreational, and daily uses. Northern Albertan communities have long been interested in effective and strong watershed protection, especially those living downstream of development²⁰. Treaty 6, 7, 8 First Nations asked for a moratorium to oil sands approvals until comprehensive land management planning took place²⁰. A comprehensive watershed management plan and a resource development plan for the region were requested as part of the resolution. The lack of consultation with First Nation communities is especially prevalent in oil sand development. First Nations are increasingly proclaiming that both the Federal and the Provincial government have violated their constitutionally protected rights by allowing for this development²⁰. Health concerns of First Nation communities are high due to the exponential growth of timber and oil industries. In Fort Chipewyan, a study conducted in 2009 concluded that there was a 30% higher cancer rate than expected and most elevated cancers had been linked to oil and tar chemicals²⁰. The Northwest Territories Association of Communities also called for a moratorium of oil sands development in May 2009 that asked the Northwest Territories to demand Alberta stop oil sands development until a transboundary water agreement was created²⁰.

Some Aboriginal groups were excluded from the numbered treaties because they were not in a site of interest to the government. Lubicon Lake Nation was missed in the signing of Treaty 8²¹. They are without a reserve, and therefore in the longest running unresolved dispute related to Indigenous lands in the world²². The Nation has suffered environmental, economic, social, emotional, psychological, cultural and spiritual damage through the continuous exploitation of their land. Destruction to the environment and the economy has led to a





significant decline in the Nation's health and an increase in welfare dependence^{23,21}. Fires and oil spills have continued to plague the area, while oil companies have made as much as \$1.2 million a day off the exploitation of Lubicon Lake territory²⁴.

Horizon Scanning: Key Factors for the Future

1) Agriculture and Rural Development - emphasis on agriculture and economic development

While the number of farms have steadily been decreasing²⁵, agriculture still remains a key factor in determining policy in rural areas. Unlike other industries, agriculture is the only industry with "a clear geographic sense of place"²⁶. The 2015 Alberta budget put 931 million dollars for agriculture and rural development. However, the budget did not specify how much money would be allocated to each sector. This fact illustrates a broader concern that agriculture has become synonymous with rural development within Alberta. Policy concerns that emerge are whether it is sustainable to rely

on agriculture as the sole industry associated with rural development and the potential for rural communities to have non-agricultural based economies²⁷. As the number of farms decreases, there will be more strain for rural communities to invest in non-agricultural industries²⁸. Thus seeing rural development as separate from agriculture is important for the long-term sustainability of rural communities.

2) Political change

The NDP's rise to power in May 2015 presents a dynamic shift in Alberta's political landscape. The NDP's large urban concentration and limited support in rural areas poses the potential for a rural-urban divide to emerge. However, the rise of the NDP does not necessarily mean that rural policy issues will be ignored. The simultaneous rise of the Wildrose Party as the official opposition and the party's strong support in rural areas means that the NDP will have to make rural issues a priority. Additionally, the NDP's recent plan to restore rural bus service²⁹, a service that was lost three years ago due to government budget cuts may be

indicative that the new government understands the value of rural municipalities. Research shows that rural areas that offer easy access to urban concentrations contribute significantly to the growth of rural communities^{30,31}. Since the maintaining and growth of rural communities is often seen as a significant barrier for rural municipalities,^{32,33} the re-implementation of a rural bus service may be useful for long-term policy making. Furthermore, the NDP's goal of diversifying the economy may mean that rural industries such as the agriculture industry may grow.

3) Oil reliance (Dutch disease)

Dutch disease occurs when revenues from natural resource industries decreases the competitiveness of the manufacturing industry³⁴. Dutch disease in Alberta can have significant policy implications. Dutch disease can lead to increasing levels of immigration resulting in extreme boom and bust cycles in terms of population³⁵. This results in the creation of shadow populations. Research indicates that communities with high shadow populations are at more of a risk for higher rates of crime and substance abuse³⁶. From a fiscal standpoint, shadow populations put a strain on rural communities because while these individuals use the services provided by rural municipalities, the money made by them is directed into other municipalities. This problem is illustrated by the decision made by councillors in Fox Creek to raise business licenses for hotels by 133,233% (a shift from a flat rate to a 4% of total revenue charge) in May 2015 due to the fact that the town was struggling to recuperate lost revenue from these shadow populations.

4) Amalgamation/Regionalization

Amalgamation is seen as one of the most controversial decisions with regards to municipal policy. While Alberta has never implemented forced amalgamation, the cutting of funding to municipalities in the 1990s did force some smaller municipalities to amalgamate as a result³⁷. This is not to say that amalgamation may not be an important issue in the future due to Alberta's land use framework and regionalized land use planning. However, it is still unclear what regionalization means for rural Alberta municipalities from both governance and service delivery standpoints.

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