Public Infrastructure

Alberta GPI

Noteworthy:

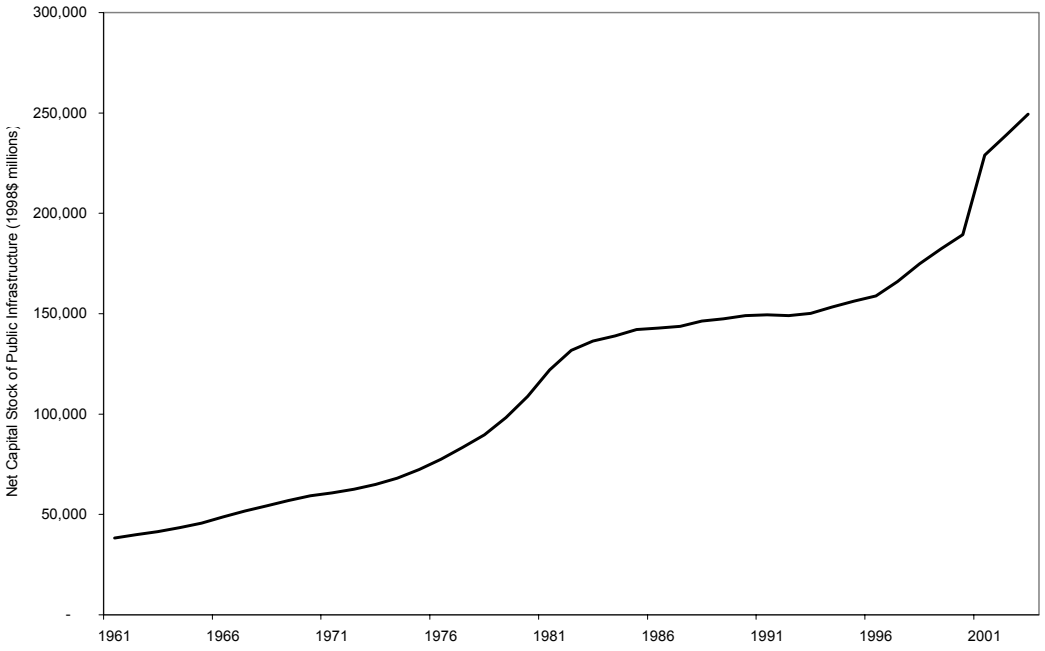
- This Genuine Progress Indicator focuses on the value of services provided by public infrastructure.
- We estimate the value of services in Alberta to be 7% of the capital stock value of the province's public infrastructure.
- The value of the services from public infrastructure in Alberta was $2.6 billion (1998$) in 1961.
- Between 1961 and 2003, the value of the services from public infrastructure in Alberta increased by 550%, to $17.5 billion (1998$) in 2003.
- On a per capita basis, the value of services increased by 175% between 1961 and 2003.
- A minimum amount of services provided by public infrastructure is required to support a region's labour force.
- The labour force in Alberta increased by 340% between 1961 and 2003. By comparison, the change in the value of services provided by public infrastructure per capita was 175%.

Public Infrastructure in Alberta: How Much?

The GPI does not account for the cost of public infrastructure. Instead it focuses on the value of services that this public infrastructure provides. It is not expenditure on streets, highways and bridges themselves that increases the well-being of a region. Rather, it is the services that the infrastructure provides that are of value: the ability to move from place to place for work, social and other reasons.

Thus, in GPI accounting, it is the value of services to households and businesses from public infrastructure, such as streets and highways, that is measured. We estimate the value of services in Alberta to be 7% of the capital stock value of the province's public infrastructure. The figure below shows the capital stock value of the public infrastructure in Alberta, which is the basis for measuring the value of services. As the figure shows, the capital stock value of public infrastructure in Alberta has increased steadily since 1961.

Net Capital Stock Value of Public Infrastructure in Alberta, 1961 to 2003



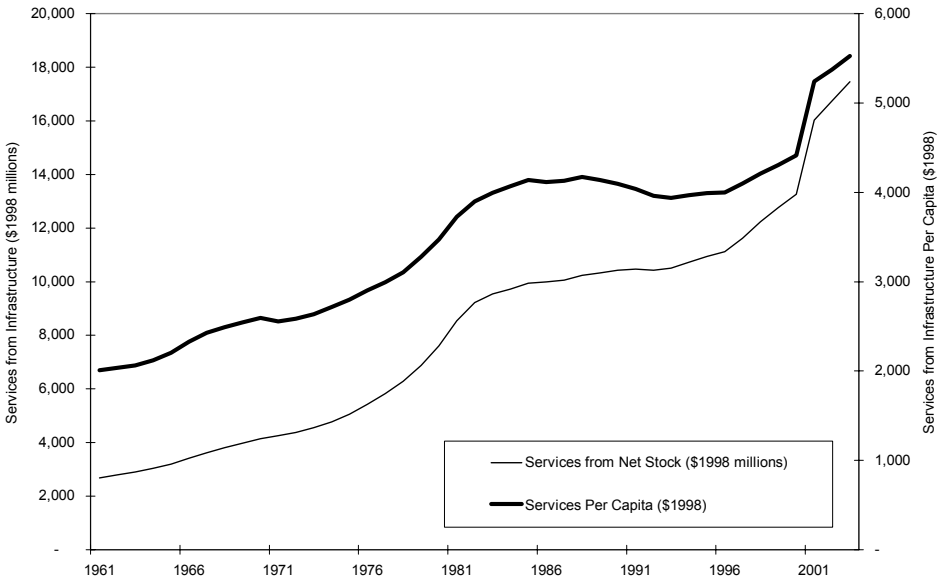
Source: Statistics Canada

So What?

The figure at the upper right shows the estimated value of services from public infrastructure in Alberta from 1961 to 2003. The figure shows both the total service value from public infrastructure and the per capita service value from public infrastructure. In both cases, the value of services has increased significantly since 1961. The increase in service value from public infrastructure is the result of investments in the capital stock of public infrastructure in the province. A minimum amount of public infrastructure is required to support a region's labour force. Thus, in an economy with a growing labour force we would expect to see increases in public infrastructure. The labour force in Alberta increased by 340% between 1961 and 2003. By comparison, the change in the value of services provided by public infrastructure was 175% and the total value of infrastructure increased by 550%. This implies that investments in public infrastructure in Alberta are sufficient to support the booming labour force for the province on the whole. There are, however, certain areas of the province, for example the Fort McMurray area, in which the increase in infrastructure has not kept pace with the increasing labour force.

The figure at the lower right shows the service value from public infrastructure and Gross Domestic Product (GDP) as indices. For the index, the highest per capita value of services from public infrastructure is set equal to 100 and deviations from that benchmark year are measured as movement towards zero. The figure shows that the increase in the value of public infrastructure per capita has more or less kept pace with the growth in the provincial GDP.

The Value of Services from Public Infrastructure



Source: Calculated from Statistics Canada data on the stock of public infrastructure.

Value of Services from Public Infrastructure Index: Where are we today?

The value of the services from public infrastructure in Alberta in 2003 was $17.5 billion (1998$).

As an index, the services from public infrastructure in Alberta in 2003 ranked 100 on a scale where 100 is the highest service value between 1961 and 2003 (see figure above).