



Legislative Assembly of Alberta

The 27th Legislature  
Fourth Session

Standing Committee  
on  
Community Services

Department of Municipal Affairs  
Consideration of Main Estimates

Monday, April 18, 2011  
6:30 p.m.

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The 27th Legislature  
Fourth Session**

**Standing Committee on Community Services**

Doerksen, Arno, Strathmore-Brooks (PC), Chair  
Hehr, Kent, Calgary-Buffalo (AL), Deputy Chair

Allred, Ken, St. Albert (PC)  
Anderson, Rob, Airdrie-Chestermere (W)  
Benito, Carl, Edmonton-Mill Woods (PC)  
Bhullar, Manmeet Singh, Calgary-Montrose (PC)  
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Johnston, Art, Calgary-Hays (PC)  
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Notley, Rachel, Edmonton-Strathcona (ND)  
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Rodney, Dave, Calgary-Lougheed (PC)  
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\* substitutions for Dave Rodney

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**Department of Municipal Affairs Participant**

Hon. Hector Goudreau                      Minister

**Also in Attendance**

Hinman, Paul, Calgary-Glenmore (W)  
Mason, Brian, Edmonton-Highlands-Norwood (ND)  
Pastoor, Bridget Brennan, Lethbridge-East (AL)

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Shannon Dean	Senior Parliamentary Counsel/ Director of House Services
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[Mr. Doerksen in the chair]

**Department of Municipal Affairs  
Consideration of Main Estimates**

**The Chair:** I would like to call this meeting to order. I would like to welcome everyone to the meeting this evening and remind everyone this is the Standing Committee on Community Services. I would remind all members that the usual rules apply regarding electronic devices and food and beverages in the Chamber.

Members and staff should be aware that all the proceedings of the policy field committees in their consideration of the budget estimates are being video streamed. The Minister of Municipal Affairs is in the designated location, and all other members wishing to speak must do so from their assigned seat in the Chamber. Any official or staff member seated in the chair of a member shall yield the seat immediately should the member wish to occupy his or her seat. Members are reminded to stand when speaking.

I would like to note that the committee has under consideration this evening the estimates of the Department of Municipal Affairs for the fiscal year ending March 31, 2012. I would also note for the record that pursuant to Standing Order 56(2.1), (2.2), and (2.3) Mr. Quest is an official substitute for Mr. Allred, and Mr. Lund will be substituting for Mr. Rodney at the start of the meeting, followed later by Mr. Drysdale. The speaking order and times are prescribed by the standing orders and Government Motion 5, passed on February 23, 2011, and are as follows: the minister or the member of the Executive Council acting on the minister's behalf may make opening comments not to exceed 10 minutes; for the hour that follows, members of the Official Opposition and the minister may speak; for the next 20 minutes the members of the third party, if any, and the minister may speak; for the next 20 minutes the members of the fourth party, the NDs, and the minister may speak; for the following 20 minutes the members of any other party represented in the Assembly and any independent members and the minister may speak; any member may speak thereafter. Within this sequence members may speak more than once; however, speaking time is limited to 10 minutes at a time.

A minister and a member may combine their time for a total of 20 minutes. Members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time.

Committee members, ministers, and other members who are not committee members may participate. Department officials and staff members may be present but may not address the committee.

Three hours have been scheduled to consider the estimates of the Department of Municipal Affairs. If debate is exhausted prior to three hours, the department's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn; otherwise, we will adjourn at 9:30.

Points of order will be dealt with as they arise, and the clock will continue to run.

The vote on the estimates is deferred until Committee of Supply on April 20.

Written amendments must be reviewed by Parliamentary Counsel no later than 6 p.m. on the day they are to be moved. An amendment to the estimates cannot seek to increase the amount of the estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. The vote on amendments is also deferred until Committee of Supply on April 20. Twenty-five

copies of amendments must be provided at the meeting for committee members and staff.

A written response by the office of the Minister of Municipal Affairs to questions deferred during the course of this meeting can be tabled in the Assembly by the minister or through the Clerk of the Legislative Assembly for the benefit of all MLAs.

At this point I would invite the Minister of Municipal Affairs to begin his remarks. Please, Minister.

**Mr. Goudreau:** Thank you, Mr. Chairman. Good evening to each and every one of you. I'm here tonight to present Municipal Affairs' 2011-2014 business plan. With me are Ray Gilmour, my deputy minister; Anthony Lemphers, my ADM, corporate strategic services; Ivan Moore, ADM, public safety division; Colin Lloyd, acting manager and director, Alberta Emergency Management Agency; Michael Merritt, ADM, local government services; Dan Balderston, senior financial officer; Wendy Rodgers, my executive assistant; and Donna Babchishin, communications director. Also, seated in the gallery is Claire Pemberton-Pigott, linear property assessment technician from local government services. She's accompanied by the real administrator of my affairs, my wife, Angie Goudreau. Again, I want to say thank you to all of my staff for their hard work and their dedication and the help in preparing my presentation tonight.

This past year presented challenges and change for our municipalities and for the government of Alberta. Investing in municipalities is part of a clear plan to support communities that can attract investment, keep our industries competitive, and provide jobs. As the 2011 budget demonstrates, this government's commitment to municipalities ensures they are provided with and can rely on predictable municipal funding.

Sustainable municipalities are essential in contributing to the province's economic strength in this global recession. This budget demonstrates a long-term view, a plan to ensure Albertans continue to benefit from safe and strong communities. We will stay on course with the budget direction that we set out by trimming government spending, using our cash reserves to protect key programs, continuing to invest in public infrastructure, and ensuring Alberta industries are competitive and continue to attract investment. This means supporting the capital commitments this government has laid out.

Both cabinet tours reinforced our relationship with municipalities across the province and recognized their role in building Alberta's future. Mr. Chairman, that's where Albertans live and work, in their towns, cities, counties, and municipal districts, and that's where Alberta thrives. Our municipalities told us two things leading into this budget: one, that continued capital support was key to their long-term planning, helping them build today for their tomorrow; and, two, that this was the time to build because they are getting good value for these capital dollars, and the money is going further.

Looking at our business plan, Mr. Chairman, you can see government's priorities reflected in our two core businesses. One is to support municipalities and their communities, and two, again, to co-ordinate and support provincial safety, fire, and emergency management systems.

My ministry has five goals outlined in the business plan. The first goal is to enhance viability, long-term sustainability, and accountability of municipalities and their communities. Our government knows that to be sustainable, municipalities must have the ability to plan for the future, building strong communities for the 21st century. That's why we remain 100 per cent committed to our partnership with municipalities to support the municipal sustainability initiative or, as we call it, MSI.

This funding will remain secure, and it is especially important given the current economic climate. In the last budget, Mr. Chairman, while we increased the yearly allocation for funding under the MSI, we had to adjust the payment schedule. At the same time this government renewed its commitment to the \$11.3 billion over the lifetime of the program. We will continue with the schedule that was announced last year as part of the government's plan for economic recovery.

**6:40**

Municipalities, like so many other stakeholders, make good decisions, and they were able to make the most of those dollars at the municipal level, especially with the lower construction costs we've been experiencing, as I mentioned earlier. To provide municipalities more flexibility and more autonomy, we recently lowered the minimum acceptable qualifying threshold for a project to 5 per cent of a municipality's total dollar allocation from 10 per cent. For example, if a municipality receives a \$500,000 MSI allocation, it can now fund capital projects with \$25,000 or more from MSI rather than \$50,000, which would have been the required limit at 10 per cent. Alberta communities of all sizes will benefit from this change to MSI funding.

Since 2007 the MSI has provided municipalities with significant municipal infrastructure investments, supporting more than 2,200 capital projects municipalities identified as their local projects. We entered a new era of transparency and co-operation for the initiative as we launched a new website, published program spending details, and began our joint signage efforts.

Last year municipalities were provided with \$876 million in MSI grants. This year the MSI will increase by \$10 million to a total of \$886 million. This increase reflects the reprofiled figures that we promised municipalities last year, and we've kept our word. Again, this increase demonstrates our government's commitment to planning long term and to building the municipalities of the 21st century.

Funding for our grants in place of taxes, or GIPOT, program has increased in Budget 2011. The additional funds are to help address increased funding requirements due to new capital construction and assessments and municipal tax rate increases. GIPOT grants are based on the property taxes the Crown would pay if their property were not exempt from taxation and are intended to assist municipalities with the costs of providing municipal services to property in a municipality in which the Crown has an interest. While the grant funding increased this year, the demand on the program is increasing, and we anticipate it will not fully accommodate increased requests we expect to receive under the program.

Municipal Affairs is also moving on its mandate to develop a strategy for municipal sustainability, and we're making great progress in partnership with the municipalities. We are consulting our municipalities on a common vision for delivering the essential services that Albertans want and building the communities where people want to be. We are finding creative solutions to give municipalities the tools to address their own sustainability needs. This is not a big, high-cost program. This is a partnership that will help all Alberta communities as they look, plan, and build towards the 21st century. In the current economic climate it's more important than ever for communities to plan for the future.

Last year we also streamlined the delivery of programs and services to improve access to grants, including an exciting new web portal and reduced administration and duplication for municipalities. As part of the government's re-engineering initiative this is about making your government more streamlined and ac-

cessible. This saves everyone time and money, especially the municipal administrators.

Mr. Chairman, our municipalities are taking collaboration to a whole new level through regional partnerships. By working together, these municipalities are making life better for all their residents. For example, we have 14 communities in the Calgary metropolitan region that are working together to build the Calgary metropolitan plan. The 24 communities in the capital region have collaborated on the development and adoption of the capital regional plan, and 62 municipalities are participating in the Canadian badlands initiative to develop an innovative approach to destination-based tourism. These communities are forging new ground in infrastructure and social housing in investment, land planning, and much more. In Alberta we support our municipalities' shared vision of a province with strong, robust communities.

Our second goal is to enhance the vitality of Alberta communities by providing services and resources to public libraries and francophones. Information and knowledge are valuable commodities in today's global economy, and public libraries provide Albertans access to a world of knowledge. Libraries are a cornerstone to strong 21st-century communities that are part of the knowledge-based economy. Through publicly funded library services and resources in our communities Albertans are able to be part of a larger global community. We are supporting our libraries by building on basic services, building on collaboration and innovation within government and with stakeholders, and building on technology.

This year we are increasing our funding by \$600,000 to support public libraries throughout the province. This allows Municipal Affairs to increase municipal public library per capita operating grants to 2010 population levels. In the past three years Municipal Affairs has increased direct funding to public libraries by \$8 million, or 46 per cent.

Municipal Affairs also funds the Alberta SuperNet high-speed Internet connections for public libraries, providing all Albertans access to resources such as online learning. We will continue to work with the library community to develop and implement a technology plan for public libraries to stay ahead of the curve.

**The Chair:** Thank you, Minister.

The next hour will be available for the opposition. Ms Pastoor, do you prefer to combine your 20 minutes with the minister or to take 10 and 10?

**Ms Pastoor:** We'll combine.

**The Chair:** Please go ahead. Thank you.

**Ms Pastoor:** Thank you very much, Mr. Chair. I, too, would like to welcome Mrs. Goudreau. My heavenly days. Clearly some kind of a punishment; I'm not sure. Anyway, enjoy.

Before we get started, I would like to register my complaint that I always register when I stand up and do my budgets, that I much prefer that it's done in the committee rooms. I think it's friendlier. There just seems to be a better atmosphere in the committee rooms. I want to make sure that I put that in. On top of that, we always ate dinner together ahead of time, and I just thought it created a better camaraderie. There, it's on the record for, I think, the third time. Anyway.

I'll tell you some of the themes that I'm going to go through. I may not have enough time to go through them all, and I may jump a bit. It'll be the MSI initiative, MSI strategy, disaster recovery, flooding, building and safety codes, property taxes, the Franco-phone Secretariat, and miscellaneous. I probably am not going to have a chance, but that's sort of where I'm going. Then one of the

others, depending, again, on time, would be a land transfer act and how that's going to work.

You spoke about the MSI. Forty-eight per cent is allocated on a per capita basis, 48 per cent is allocated based on education property tax requisitions, and 4 per cent is allocated based on the kilometres of local roads. Municipalities always say that they're appreciative of the funding provided through the MSI, but there have been some persistent concerns that have plagued the program. Chief among those is that the program has consistently failed to fund municipalities to the extent that it was supposed to. An example, of course, is the city of Grande Prairie. It was expected to receive \$17.1 million, and they're going to receive \$10.5 million.

We are now at the five-year mark of what was supposed to be a 10-year municipal funding program, with the government promising \$11.3 billion over the lifetime of the program. We're less than a third of the way to reaching that elusive figure. I know that you said that there was a different program and that you're probably dragging it out over a greater length of time. However, what assurances can the minister give to municipalities that were promised the \$11.3 billion that it truly will be eventually achieved? You were speaking of a longer time frame. How many more years beyond '16-17 is it anticipated that this would go on?

Do you see any inconsistency between the program's stated objectives of providing predictability and stability and the government's failure to fund the MSI within the 10-year frame? I think the whole point of the MSI was actually to create predictability and stability. That's one of the important things. It isn't just in municipal government. I think it's throughout the entire ministries of all governments. People who are reliant on the government really do look forward to and need some kind of stability and predictability. These are NGO types that I'm talking about. Often people are waiting until March to find out exactly what that money is going to be because the budget sort of comes down at the same time, and it really isn't fair to the people that are trying to balance budgets.

Perhaps if you could just go over a couple of those, then I can continue.

6:50

**Mr. Goudreau:** Thank you for the question. Municipalities, no doubt, are receiving substantial support through MSI. Since 2007 MSI has provided about \$3.1 billion of long-term funding to enhance municipal sustainability and to enable municipalities to meet their demands of growth.

The MSI is a committed program that we have. There's no doubt that whenever we had dealt with the municipalities – and you started off, hon. member, by talking about the percentage: 48 per cent based on population, 48 per cent based on assessment, and the other 4 per cent based on the roads. That formula was established by about 400 individual representatives from various municipalities and government officials and was established a number of years ago. The formula was approved by all of those particular individuals. Last year we had finally grown the MSI to about \$876 million. This year we're adding another \$10 million, to bring that up to \$886 million.

One of the things that we've always said and always shared with our individual municipalities and the AUMA, the Alberta Urban Municipalities Association, and the AAMD and C as well as the organization responsible for summer villages was the fact that the payments through the MSI would be determined on the basis of energy revenues that the provincial government was receiving. Inasmuch as we wanted to increase MSI – and we did; we started off with about \$400 million, and we have gradually been

increasing that over the last two years to, again, \$886 million this year – we were committed and are still committed to the full \$11.3 billion.

Because we've had to scale it back or not grow it as fast as we had anticipated, we have basically added two years to the duration of the MSI program. Where we thought we anticipated to wrap things up in about five or six years, we have now added two years to the MSI, so the full \$11.3 billion will be spent and committed.

Again, this program is a program that was really established in the province of Alberta, and it's recognized by a lot of other municipalities across Canada. It really continues to live up to its expectations, basically, of predictability. Our municipalities are saying: can we expect that and depend on it? Yes. Our intent is to slowly grow it till we've paid off the full \$11.3 billion. You know, they wanted sustainable funding, and it's probably one of the better programs that we can say is providing sustainability to our individual municipalities.

**Ms Pastoor:** Thank you, Mr. Minister and Mr. Chair. Another complaint about the grant process that was raised recently by the president of the AUMA is that it tends to award funding to the communities with the best grant writers. This is, in effect, sort of making the municipal funding into a lottery to whoever gets the best grant writers. I think that that's an argument that's often used with fundraising organizations that can afford to actually hire people that know how to write good grants. Does the minister agree with the characterization of that grant process? Do you consider it a legitimate concern? Could you speak briefly to the allocation-based grants versus those that are application based and why the government would appear to favour the application-based as opposed to the allocation-based?

**Mr. Goudreau:** Thank you again for that particular question. There's no doubt that there's no way in the world that we expect people to really know how to write grants. Having said that, most of our administrators across the province are very, very well aware of the grants that are available.

A number of years ago there were some questions as to whether all municipalities knew about all the grants that were available. It was just the sheer number. I believe there were well over 70 different programs that individual municipalities could qualify for. With our re-engineering we took it upon ourselves to move all of those grants into about two dozen grants now, very visible on the website. We've streamlined the applications. You don't need to be a space scientist to write the application. If there are any types of issues, then our staff are ready and willing to help individual municipalities apply for the funding.

Now, because it's population based and assessment based and based on kilometres of road, those dollars are preassigned, basically, to individual municipalities. As we get updated numbers, we update the MSI qualifying amounts for individual municipalities. We will send a letter to each individual municipality indicating to them the level of support that they can anticipate out of MSI, and they can then do their long-range planning.

You know, insofar as applying for up to 75 per cent of their anticipated MSI into the future, the city of Calgary, for instance, or even the city of Edmonton, if they are planning LRT systems and wanting to use MSI funding and they know that their build will be over a period of three, four years, can actually get a pre-commitment of the MSI funding for three, four years. So they know the funding is going to be there, they know how the funding is going to roll into them, and they also know that they can do the formal planning and actually order equipment over a period of a number of years. It's certainly not a lottery system. That's the last

thing that we want to have happen here when it comes to applying for our grants through Municipal Affairs.

I use MSI as an example, but there are others: the fire training types of programs that we do, the other supporting dollars that we provide to individual municipalities. We're prepared to work with the applicants and those that are interested in terms of making sure that they've got the necessary support to qualify for the dollars that are coming to them.

**Ms Pastoor:** I wonder if you could just perhaps explain that re-engineering. You said that you'd moved it down to about two dozen. Now, did you put all the money together, and is it larger amounts of money? I mean, if you've got 30 versus 20, where did the extra money go? Are some now worth more? Is there anyone being shortchanged because they didn't get just maybe that little extra bit of money that they needed to put them over the top because they don't really want to apply for something large, but they just needed that little one?

**Mr. Goudreau:** Yeah. The whole process of re-engineering our grants was certainly not meant to be a budget exercise. It was meant to facilitate things with individual municipalities. We even went so far as to provide training to the municipalities on what was there. We wanted to ensure that the programs were being delivered in the best way to Albertans. They're meant for Albertans. They're meant to improve, you know, Alberta's citizens and municipalities.

The municipalities over the last few years have basically told us that there were some changes that were required. Basically, the whole exercise, then, was to respond to what we were hearing from individual municipalities. You know, part of the whole process was to actually work with the municipalities to gain their knowledge and their experience and try to find out how they felt about applying for grants and how they went through that particular process. We went so far as to develop the municipal grants web portal so that it's on the system, and we redesigned the application forms. We redesigned the reporting forms just to make it easier for individual municipalities to apply. Even for ourselves and staff it just added to the whole efficiency and effectiveness of those particular programs and made administration somewhat easier as well.

**Ms Pastoor:** Thank you. Part of the question was: if some of the money had been shrunk and put into larger ones – I think you said that you had 80 grants or something, and now you're down to 24 – did the money become larger? Someone may not want to apply, you know, to get the bigger grant because they just wanted maybe that littler grant that existed before. How has that money been rearranged?

7:00

**Mr. Goudreau:** We basically broadened the guidelines and the qualifications within MSI. Let me use a very, very specific example, one that I still get a few calls on or a few letters on. That was the seniors' transportation grants, you know, where individual municipalities or an organization could get a grant to buy a small bus to move seniors around. We've basically eliminated that, but they can still qualify and apply under the MSI for exactly that particular purpose.

We've really broadened it out in terms of what MSI could be used for. It didn't eliminate any dollars. The whole idea was to streamline all of these kinds of things and just to simplify a lot. We went from basically 72 to two dozen and probably removed a lot of duplication that was out there. You know, in just about every grant you had to start all over again and do a lot of support-

ing documents. The whole idea was to facilitate, to make things easier for municipalities.

**Ms Pastoor:** Okay. I hate to talk about this one to death, but if the seniors, particularly the ones that need the handbuses and those buses to get their people to the seniors' centres that are imperative to independence and quality of life for many of our seniors, were getting it out of a grant, was that grant money still the MSI money? Now that money is coming out of the MSI, and the city then gives out the money instead of actually these seniors' organizations getting it directly from the province.

**Mr. Goudreau:** The majority of the seniors' funding, especially in transportation, would have come probably from the municipality, or often they're joint efforts in terms of local fundraising and municipal support and those kinds of things. The whole idea was certainly not to eliminate dollars, and that's why, if you look at the history of the MSI, you know, the MSI dollars are being increased. We didn't reallocate in that sense. Seniors' busing is still a municipal responsibility, and they can pick and choose their particular priorities. If seniors' busing becomes one of their priorities, then that's where it's at. If they choose to do other things with their MSI funding, that's fine as well in that way.

**Ms Pastoor:** Thank you.

Many feel that Calgary and Edmonton are the province's two big cities, but they get shortchanged by MSI. I'm sure that you've heard this more than once. Why is it that despite having close to 70 per cent of the provincial population, Edmonton and Calgary combined will receive only 47.5 per cent of the total MSI grant allocation this year? Clearly this question has been created by an urban person.

**Mr. Goudreau:** The distinction really goes back to the formula itself. We talk about 48 per cent population, we talk about the assessments at 48 per cent, and usually the one that has the question mark is the 4 per cent on roads. We need to recognize that the majority of the roads are out in rural Alberta. They're the ones that have the majority of the bridges; there are some, I believe, 9,000 bridges out there in rural Alberta. There are over 100,000 kilometres of roads in the municipal districts, and you know if we were just to base it on population and assessment, it would be difficult.

Now, I need to remind the hon. member that this formula was developed by the municipal representatives in that particular room, and they felt that the formula would meet the varying requirements across the province. As an example, there are minimal amounts that the small municipalities would qualify for. So a small town: the minimum that they can get is \$120,000 even though their assessments might not warrant that. Our summer villages: there's a minimum amount of \$60,000, so those communities might, if you break it down on a per capita basis, actually get a little bit more. We've started off with minimum amounts and then worked the formula to everybody else accordingly.

The cities of Edmonton and Calgary would get virtually the same dollars that the majority of the municipalities get, except the rural municipalities would get that 4 per cent on roads. Now, Calgary and Edmonton also qualify for their roads but because they don't have the same amount of roads, they would probably get just a few dollars less.

**Ms Pastoor:** They certainly don't have the trucks going on their roads, beating them up pretty badly. I certainly just look around my area. My office is sort of on the edge of an industrial park and it's right near Canbra – Richardson now – but those roads take an

awful beating from those big trucks. Sometimes they come in with three trailers plus the huge cab.

Section 5.9 of the conditional operating funding program guidelines for the MSI expressly states that municipalities may be required to publicly recognize the province's MSI funding contribution. The document goes on to say that this could entail involving the minister or other government representative in a ribbon-cutting ceremony, arranging special events, providing the minister or other government representative the opportunity to announce funding, acknowledging the provincial contribution in a news release that could include a quote from the minister or other government representative, or local advertising and/or signage at the project or facility acknowledging the provincial funding for the project.

Now, when I read this kind of stuff, I'm going: "Oh, my word. This is shades of our best friend, Mr. Harper, who tries to pretend" – if I see one sign that has how wonderful the federal government has been. What they're trying to do is make it appear that there are all kinds of different taxpayers. We're all the same kind of taxpayer. I don't care if it comes from the feds, I don't care if it comes from the provincial government or if it comes from the municipality, it's still coming out of my pocket. The fact that they're using all of that extra money to put up a ridiculous sign – I don't really mind if you come and cut the ribbon, I don't care if there's a nice little tea party and we have cake and cookies, et cetera, et cetera, but I think to push this signage is beyond. So I would like, perhaps, the minister's take on that one.

**Mr. Goudreau:** Well, thank you. Going back to, maybe, your comments on the roads, I might add that the larger roads and the bypasses – the Anthony Henday is a very specific example of that – are a provincial responsibility and not necessarily a municipal responsibility. Even within the larger urban centres or surrounding the larger urban centres where a lot of the heavy truck traffic goes, those are roads that were built by the province.

When it comes to the signs, I think you and I had that particular experience just a few weeks ago in Lethbridge in terms of opening up a new facility. I guess there's often a lack of understanding by the general population as to where the funding may have come from for a particular project. No doubt, we look at, you know, the dollars coming into a particular municipality, and it might be MSI dollars. By the time that project is completed and whatnot, it's really forgotten that it's the broader general population that has paid for it and not only that particular municipality.

[Mr. Bhullar in the chair]

There's no doubt that the municipalities in general are very, very proud of their projects, but we, too, are proud of our projects as a province. The fact that the Art Gallery of Alberta, the AGA, was opened up: you know, there was a tremendous amount of provincial support. Without the provincial support that would have never been there. There's a sense of pride by Albertans in general for having supported that particular project, as well as the local city.

The other one is to look at the full transparency of that and for the general population to understand where their taxpayer dollars are coming from and spent. I don't expect a big sign every time, you know, a municipality puts up a stop sign, for instance, even though they used MSI funding for it, those kinds of things. But there are certain projects out there that we're all proud of. We want to show, you know, the accountability of where those dollars are coming from and how those dollars were then spent.

7:10

Probably the biggest reason is to encourage the partnerships and encourage the collaboration and do those kinds of things, you know, as we did in your community a few weeks ago when we opened the centre. We had, like you said, some cake and coffee, and we did cut a ribbon, but we did provide a couple of plaques as well, you know. It becomes permanent. It's a plaque that identifies the fact that we've provided as a province some support, that the local community provided support, but other organizations did as well. It's in part to acknowledge that type of support.

[Mr. Doerksen in the chair]

**Ms Pastoor:** Thank you. Yes. I certainly was fortunate to be there. Again, I think that I'm probably very fortunate to be at all the handing out of cheques in Lethbridge regardless of which riding it's in. I think that may be unique in the province, that Greg Weadick and I can work as closely as we do.

No. I didn't have the problem with the plaque. In fact, I even gave them a scroll. My problem is this great big honking sign outside the doors of every building that the federal government has ever put a cent into, and to me it's really politicizing it. If you want to put up a big sign, I think it should say the taxpayers of Alberta, not necessarily the government. I'll leave that.

I'm just going to skip, I think, to the MSI strategy. The working group released a report on June 14 entitled Building on Strength: A Proposal for Municipal Sustainability for Alberta. It was mentioned in question period on March 24, 2011, that the minister after reviewing the recommendations sent the report back to the working group with the request that they respond to some questions. The minister apparently set a response deadline, but you're still waiting to hear back from that working group. What's the date that you asked for? Are we past it? Could you comment on some of the questions that you, perhaps, had sent forward to that group? Does the minister foresee accepting the recommendations in their entirety? If so, could the minister comment on when this may occur?

Some of these questions, you know, are not fair to ask if you don't have those questions back, and you're probably not working on that review. If you could perhaps give me some comments on when you expect the answers to your questions to come back and when the review will be public.

**Mr. Goudreau:** Thank you for the question. There's no doubt that under the municipal sustainability strategy we recognize that, you know, there are some municipalities that are maybe struggling and others that petition for dissolution, for instance, by groups of individuals. There is a need to work with individual municipalities to see where those particular municipalities are at in terms of some of the core things – and that's one of the questions – the basic services that municipalities should be providing to their citizens.

The other question that was being asked was: what constitutes a viable and sustainable municipality, and how can we measure that? That was looking at that particular part.

The third question was: if there are some weaknesses there, what are some of the capacity-building tools that are required and anticipated? Basically, it's an inventory of capacity-building tools that is offered by ourselves as Municipal Affairs, the AAMD and C, and AUMA.

The fourth question was: what restructuring processes should be utilized if there's a need to restructure a particular municipality?

I guess, when we did receive that particular report, we found that there was a need to go into a little bit more particular detail. So we kept working with the AUMA and AAMD and C, and we

had asked them to respond to us by February 28 of this particular year. It's past now, and we've received a fair amount of responses, a little over 60 responses, from municipalities across the province, and presently we're reviewing that. We're doing the analysis of those responses, and we'll then move on to our next step in terms of dealing with all of this particular information. There's a likelihood that there will be a need for some legislative changes, and I would suspect that if that happens, it's probably at the earliest in the fall or probably more likely into spring before we go that way.

You know, we keep on doing some work, some consultation with our stakeholders. I guess we're looking at trying to strengthen municipalities and provide them with tool boxes to build municipalities and make them, I suppose, realize, by going through a particular process, some of the core services that they need to offer only to enhance the services that they provide to the residents within their particular municipalities.

We recognize, as well, that there are some huge differences amongst municipalities. Strategies may not necessarily be the same for the Lethbridges and Medicine Hats of the world as they might be for the Millets of the world, where you've got a very small community, or maybe Oyen, where they're more remotely located, or High Level, for instance. You can't compare High Level with the cities of Edmonton or Calgary, for instance, yet everybody wants to grow and develop and evolve.

The tool box was directed at municipalities of varying degrees, some of which will be able to really make good use of it, and others might say that it's not for them because they've got the human resources to be able to deal with that.

Basically, our committee included, again, the AUMA, the AAMD and C, the summer villages, and the rural administrators. The organization of rural administrators was involved as well as the urban administrators. They're the ones that really, you know, put a lot of time and effort and energy into developing all of this along with our staff.

**Ms Pastoor:** Thank you. I think I'd like to pursue that a little bit further and more in depth. You mentioned the tool kit in question period on March 7, 2011. I certainly can understand how smaller communities just don't have the staff that have that kind of time to devote to doing a lot of the paperwork that's necessary. When you're working with these municipalities, how often is the land-use framework used? Ultimately, if and when we ever get this thing going – I think it's dragging. I think we should have the land-use framework in place and then go, not the other way around. W – what kind of conversations go around the land-use framework when municipalities are looking to how they think they may end up being in regional partnerships or, you know, whatever name they're going to put on the regional areas that they're creating for municipalities? I just sometimes think that the cart is way before the horse on this one.

**Mr. Goudreau:** Well, the municipalities have always been doing a lot of planning. There's no doubt about that. Individual municipalities have, you know, their own individual plans. As we move forward with land-use plans – and it's a little different from the municipal sustainability strategy that we're talking about. I guess there are two things there. For instance, when the Minister of Sustainable Resource Development released the plan for the lower Athabasca regional plan, that was released for public consultation to get feedback. As well, the process for the southern Alberta one just started.

We've been in touch with municipalities all along. Basically, municipalities have said: yes, we want some input. We don't want a broader plan to come in and destroy the things that individual

municipalities have created and established, yet there might eventually be some minor conflicts. Part of the whole process, then, hon. member, is to make sure that when we deal with the capital regional plan or the Calgary metropolitan plan, just as prime examples, those plans would mesh together. They would fit together with the provincial land-use plan.

**7:20**

Those smaller municipalities outside those areas had asked for a little bit more time, and they're very, very satisfied with the fact that we're giving them, basically, five years to fit into the broader plan. But now, I guess, we talk about the larger one within the capital region or the Calgary one. You know, when it comes to land use, each and every municipality is involved within their own jurisdictions, and if there are some conflicts, we're going to keep on working with them. We'll assist them in that way.

Now, going back to the tool kit, for instance, it's basically, you know, sort of a self-assessment tool kit that municipalities can use. It provides an opportunity for them to identify exactly the resources that they have and maybe the resources that they require to move forward. I guess we're talking about two slightly different things here.

**Ms Pastoor:** I do tend to go off on tangents.

**Mr. Goudreau:** It's okay.

**Ms Pastoor:** I'm thinking in southern Alberta, of course. I'll go back, and I'll start talking about dollars and sustainability. One of the huge costs that is going to come to southern Alberta is water. It's going to be huge, and there will have to be some sustainability. You're talking about the Calgary municipal plan or whatever it's called. Clearly, that whole area, the Sheep River, Okotoks, and those smaller towns: one of their main concerns will be water. If they're going to have to pipe it in, if that's part of the conversation, which I understand it is, those are huge dollars. Those are huge, huge dollars. For them to be able to look out, they're going to have to look for a 20- or 25-year payment on something as big as making sure that there's water around. Maybe just a comment on that if you might.

**Mr. Goudreau:** There are a number of initiatives that are occurring across our government. We talk about the Calgary Regional Partnership, which is developing the Calgary municipal plan. There are a number of issues that we would expect them to address, and overall transportation is one of them, you know, making sure that transportation systems mesh with each other.

The other one is density and density growth and how they'll develop the broader region in terms of population and population bases, which leads, then, to the need for utilities and how we might provide utilities to them. I guess the whole idea of all of this is for municipalities to be able to plan in conjunction with us to meet the needs of their continued growth as they evolve and develop. We're wanting them to grow, to become stronger, and the whole idea, then, is to provide that type of support for them to do that. Now, we've got commissions that are formed. We support water commissions. We've got a number of commissions across the province that are established exactly for those particular purposes, to work with each other, to be able to share resources, to be able to share some of the water that they've got available.

My other colleague has the water for life strategy, where some of the funding is available to them. Having said that, individual municipalities can still use their MSI funding to improve or enhance their water systems and pay for some of those kinds of things.



When we look at the broader picture, we would hope that we would have continued regional co-operation and collaboration, and for us that's a huge priority within government. We will continue in our budgets. We've identified some dollars for that type of activity to carry on. There's no doubt that there's an expectation from Albertans that their municipal leaders will take an active role, and we would hope that all those individuals that are involved in a broader area such as the Calgary Regional Partnership, for instance, work together to be able to come up with some innovative solutions that meet the needs of all of their municipalities.

It's vital for that part of the world. It's going to be that much more important, as you've identified, in the south as we move forward. The growth of individual communities will depend on how well we'll manage our water resources. The more we sit down together and talk and discuss it, the more importance it's going to have.

Again, there's a need to decide somewhere along the line – and that's part of the planning process – the impact that certain decisions in certain municipalities may have on their neighbouring municipalities and how well they can use the resources that are there, the resources of water and the resources of land.

**Ms Pastoor:** Thank you. Again, sort of back to the water thing, I think that by dragging the MSI sustainability funding out another two years and the fact that we've got, I think – oil was what? A hundred and fifty five bucks today and went down to \$104, but \$155 is respectable. There will be more money, but I also can see that the MSI money is going to have to increase. There is going to have to be some planning on the government's part for that future when this money is dried up. It's very difficult for people to plan 10 and 15 years ahead if they don't really know that the people that are going to give them money are actually onside with it.

One of the other things you mentioned was that the cities could actually go ahead and get money from the MSI funding that had been promised through the \$11.3 billion. Now, if they ask for that money ahead of time, will there be interest payments on it? You know, it sounds like a fine idea, but we all know that when we use credit cards, often we end up with a huge big debt and sort of in a bigger mess than we were to begin with. I think it's a good idea, but I think that there are some problems that could be in there. I guess my main question is: would they have to pay interest on that to draw on it ahead of time?

**Mr. Goudreau:** Just to respond to your initial comments. If you look at the plan that I've talked about to 2014, for instance, MSI is forecast to grow from \$886 million this year to \$928 million in 2012-13 to \$1.05 billion in '13-14 to eventually \$1.4 billion. So that's a huge increase in a few years, and that's our commitment on MSI until the full \$11.3 billion is utilized.

Now, if they're planning, what we've allowed municipalities to do is that they can precommit up to 75 per cent of their full MSI allocation. Out of the \$11.3 billion individual municipalities know approximately, subject to population changes and small assessment changes, how many dollars that they're going to get over the lifetime of the MSI. They can precommit up to 75 per cent of those dollars.

In Calgary's case, for instance, they've turned around and they've borrowed money to meet commitments, and then they'll use MSI funding as their payments are due. The payments that are due next year: they'll use their MSI allocations and whatnot. They can use up to 75 per cent of the dollars, and they can use 7 per cent of their MSI to offset interest costs. Now, if they have to borrow money, they can. If a municipality has allocated a million

dollars, for instance, they can use \$70,000 in MSI funding towards interest costs as a qualifying expense under MSI.

Municipalities would rather build things than pay interest, but that's their choice. You know, they don't have to borrow money. They don't have to do it. But if they chose to precommit dollars and they wanted to move forward with a big project this year, for instance, but they need MSI dollars in the future to offset the costs of that particular project, they can borrow the money and use it.

7:30

Now, one of the things that we really found was that it was cheaper. You know, if we anticipate some intense activity within the province and if we go back to a few years ago, when construction costs were considerably higher and it was tough to get manpower and manpower costs were much higher, today it's probably a little cheaper to do that. Even though they might have to pay some interest costs rather than use MSI, their dollars are probably going to go much, much further by doing work this year than maybe in two years from now. It's part of management that municipalities have to undertake, and, you know, they've got that particular choice available to them.

**Ms Pastoor:** That was kind of a long answer, but I don't think I got exactly my question answered. If I'm understanding this, in fact, they are actually borrowing the money. They're not being given it. They have been promised X number of dollars, so they wanted to draw on that X number of dollars that had been promised to them without interest payments. Now if they take it ahead of time, they will have to pay interest because, in fact, it's a loan.

**Mr. Goudreau:** That's right. For instance, this year we're going to give municipalities \$886 million. That's what we've got in our budget. That's what we have. Now, I don't have the exact numbers here, but let's say, using Lethbridge as an example, that if they qualify for \$6 million this particular year but they've got a project that's going to cost them \$12 million, they have to borrow the difference, knowing that they're going to get the money next year.

We can't spend more money than what we've got within our particular budget, nor are we the bank. They have to go somewhere else to get the money. But as their payments come due, we will provide the MSI funding. Next year's payments, for instance, on the expenditures that they have this year: they can borrow wherever they want, but their payments can come out of MSI funding as their term or as their payments come up. Does that help?

**Ms Pastoor:** In essence, if the government is backing them, theoretically they should be able to get a better rate at the bank. Theoretically, I said.

**Mr. Goudreau:** Sure. That's right. Lethbridge's MSI dollars this year are \$16 million, for instance. Really, you know, they can spend a lot more than \$16 million on one or two or three projects this year, but they'll have to borrow it. Usually, it can be through the capital finance board – and there they would probably get preferred interest rates – or else go to the bank, wherever their credit standing is. They can go to a bank or to whomever is the lending agency and actually say: yes, we have MSI dollars coming in in the future. Then as a municipality, for instance, they can work their capital plan to their particular advantage.

**Ms Pastoor:** Thank you.

I know that high-speed rail is a big concern. Clearly, again, it will probably be in that magic corridor between Calgary and Ed-

monton, but I still think that we should have big, big, big visions in this province. We should have high-speed rail from the northernmost point of Alberta to the southernmost point, and it should run right down the centre of the province. That's my wish.

I'm going to just rattle off these questions. It has to do with the land transfer. If you can, answer them in the next five. Otherwise, you can just send them in writing if you can't get them all.

The ministry transferred 84,000 acres of tax recovery land. Is this land just handed to the municipalities to use as they please, or are there restrictions on how it can be used? Can the municipalities turn around and sell the land for a significant profit to whomever they choose or for whatever use they choose? Again, they should come under the land-use framework. Should we not have had the land-use framework in place before we gave back these lands?

What were the total taxes owing to the province at the time that these lands were seized, and was the province able to recoup the forfeited taxes by holding the lands for upwards of 80 years? I'm not sure, but I think they forfeited the taxes and just basically managed the land.

Can the minister divulge if the government has a target for how much of this land they would like to see retained for agricultural purposes, and if so, what is it? I strongly think that this province doesn't legislate enough to protect our agricultural land. What is the minister doing to encourage urban agriculture, and is there any actual budgeted money that would reflect this present reality? We have farmers' markets, and certainly I know there's a pilot project for chickens in your backyard in Calgary. I think this is a reality that's coming, I think it's a very healthy reality, and I'm wondering if there is budgeted money or if, again, it might have to be downloaded onto the municipalities.

**Mr. Goudreau:** Just a quick comment on the high-speed rail. There was a study, actually, that was made a number of years ago where we looked at high-speed rail, and at that particular time it was sort of indicated that we still needed a little bit of population increase before we could justify it. But I do as well see a high-speed rail – there's no doubt – initially between Edmonton and Calgary but eventually branching out to Lethbridge, Medicine Hat, Grande Prairie, and Fort McMurray. You know, my grandchildren might benefit from that, but there's no doubt, I would suspect, that it's something that will be coming and probably sooner than we think.

When we look at the 84,000 acres that were transferred – and there are still a number of quarter sections of land that are to be transferred – those were, as you've identified, tax recovery lands that the province received instead of taxes. All of those lands and the details of that: although Municipal Affairs owns bits and pieces of land, the majority of that land falls under Sustainable Resource Development. They're public lands falling under them.

Yes, they were transferred to the municipalities, and the municipalities have the choice to do whatever they want to do with them. Now, having said that, those lands that were identified as critical and very sensitive lands to the province of Alberta – they might be environmentally sensitive, or they might be lands that contain some flora that we want to protect in the province or particular animals, certain species – have been kept by SRD and will be reviewed in a lot more detail before they're transferred over to the municipalities.

You asked: how much in taxes was owed? You've got to keep in mind, hon. member, that that happened in the 1930s, and I'm not sure that we'd be able to get those numbers. We'd have to dig pretty deep in the archives to be able to get those numbers, but it's there.

Now, part of the land-use framework, then, is to make sure that those lands are used as best as possible. If you look at the maps and the lands that are transferred, I would dare say that the majority of those lands would be used for agricultural purposes, as they have been ever since we've had them. You know, SRD administered them before, and they were used for ag purposes for the majority of it. I would suspect that the municipalities will administer them as agricultural on a short-term basis as they transfer them back to neighbours, who might need to grow their farms or those kinds of things. I would suspect that they'll use a public system to sell those lands, a fairly transparent system, and I would dare say that the lands that were transferred are in areas where probably the best alternative for them is agriculture.

Again, part of the transfers was making sure that there was efficient use of land that occurred and as well being very, very cautious about the fragmentation of agricultural land and trying to preserve those lands in agriculture as much as possible. Now, there might be the odd quarter that's close to or maybe even adjoining a city that might get annexed eventually or a community that might get annexed. As we do with any annexations, some of those lands may very well go back into residential or commercial development, but I would say that the majority of the acres that were transferred would be going into agriculture, as they are presently. The use of that particular property would probably stay the same.

**7:40**

When it comes to the agricultural activities within municipalities, then it's up to individual municipalities to work with our community leaders and those groups that are there. Certainly, I would not stand in the way as the Minister of Municipal Affairs if a particular city or a particular community wanted to establish, for instance, broader gardens within the city. You know, it's up to the municipalities to make those decisions, working with their citizens. If there's a group out there that wants to encourage local farmers' markets and they want to grow it right there, I would not oppose that at all and certainly would support it if they came to me asking specifically for that.

**Ms Pastoor:** Thank you.

I'll just be quick. My understanding is that there is no public consultation required for these lands. I know that this land isn't necessarily on this particular property I'm going to speak about, but it sort of to me looks like it could easily be an end run around Potatogate, where, in fact, municipalities would make the decision on how this land is going to be used.

I'll go back to my little mantra that I just don't think that we are strong enough and I'm not even sure that the land-use framework is strong enough to really protect agricultural lands. The example that I always use is one that you will be very familiar with, Beaumont. I mean, heavens, that had some of the best dairy farms and the best black earth, and it's now all under concrete. How do we protect our agricultural lands? I think we have to be able to say: this is agricultural, period.

A lot of those tax recovery lands have been used as grazing rights. Again, if it stays agricultural, I don't have a problem, but I just really have a problem with not being able to protect what we consider to be agricultural land, some of the environmental areas, a lot of them along the riverbanks and the coolies and those sorts of areas that aren't really used for agriculture anyway.

My real concern is partly that we really need to be able to protect our agricultural land. I know that people can quote how much we've got in this province and how big we are and all the rest of it, but again, when I go back and I look at Beaumont and I see that

beautiful dairy production and that beautiful black earth just totally concreted under, I have a big problem.

**Mr. Goudreau:** Well, thank you. Our governments have always supported agriculture, and we recognize the importance of agriculture in the province. As far as I know, in the foreseeable future this government will keep on supporting agriculture.

Inasmuch as land use, when we talk about that, falls under SRD, the sales of that land fell under SRD. My agricultural background, I guess – and for those members who are not aware, I was born and raised in Beaumont and born on a dairy farm on top of that, just like my deputy minister was, I think.

The whole preservation of agricultural lands is a much, much broader policy issue than the purview of this Ministry of Municipal Affairs, you know. There's no doubt that as our municipalities grow, they impact farm lands. Then I guess my role as minister is to make sure that the growth is well planned, well thought out, maybe headed in directions where we've got some poorer soils rather than our better soils. I know the community of Beaumont, for instance, for the biggest part is built on the hill, and that's the poorest land in all of the community of Beaumont. But as they all go down the hill and spread out, then they're going to no doubt get into much, much better lands. If they stay on that ridge, then they're probably going to have less impact than if they go down.

For my role, again, in the cities we say that we need to protect our creeks and valleys. In the ag sector we talk about riparian areas that we need to protect. I think we've moved a long ways in that particular direction. We've got a long ways to go yet in making sure of that. You know, if we talk about overall quality of life, it's nice to have a creek in your backyard, or it's nice to have maybe some open spaces and those kinds of things, but it's also costly to service as we go around. Calgary has a huge footprint, for instance, as a city, and they're recognizing that it's not cheap to bring water and sewers and roads to the more outlying communities. I think that over time we're probably going to look at denser municipalities as we improve transportation systems and hubs. We might be able to do better in our overall planning within our urban municipalities.

**Ms Pastoor:** Thank you, Mr. Chair. I think I'm done.

**The Chair:** One minute.

**Ms Pastoor:** One minute? Thank you very much to the minister, and I hope that Mrs. Goudreau enjoyed it immensely.

**The Chair:** Thank you, Ms Pastoor and Minister, for that exchange.

At this point the third party, Mr. Hinman, has the next 20 minutes. Do you wish to exchange with the minister or to speak for 10 minutes?

**Mr. Hinman:** We'll go back and forth.

**The Chair:** Please, go ahead.

**Mr. Hinman:** Well, thank you, Mr. Chair and Mr. Goudreau. Mrs. Goudreau, good to see you. Thanks for the lift way back in that snow storm. I think that was four years ago from Commonwealth that you gave myself and, I believe, my grandmother a ride back. I appreciated that.

I look forward to this little exchange. Because time is so short in these things, I'm going to try – I rattle on quick here and always get frustrated because the clock is much faster than I am.

Mr. Minister, yourself, the Premier, and myself were at the MLA breakfast for the AUMA back in February. The words of the president there in all of this, I think, were quite blunt and to the point, and to quote him, he said that municipalities are feeling frustrated, and that frustration is about to hit the wall.

I want to say that in 2007 when the government came up with the new MSI funding, it certainly was a great step in the right direction. It's been four years since that, though. Again, I would have to appreciate that the government is saying: well, we're probably going to stretch this \$11.4 billion out instead of over 10 years over possibly 11 years. It's also interesting to me that the transfer doesn't quite equal, to my understanding – and I haven't verified the numbers – the property tax that the province actually gets from the different municipalities. You give out approximately \$1.3 billion. Property taxes, I think, are about \$1.4 billion. It's interesting the control that the government likes to use in the MSI funding, yet it's really coming from the municipalities.

We at the Wildrose really do believe in the autonomy and the independence of local government, and we trust that. Last year my colleague asked you a few questions about this. I want to read a few quotes from last year and see if you're still there or whether you're moving our way a little bit more in wanting to allow that freedom. It says:

I think that at one time we looked at the MSI criteria, and we had loosened things up quite dramatically for municipalities to basically do what they chose was best. Some of the decisions were at times maybe a little counter to the direction that the province wanted to head as a broad province. You know, not necessarily all municipalities were heading in the same direction, for instance.

And then you went down a little bit further to say that the people are

asking for more accountability of their locally elected officials. In a sense, by putting a few guidelines out there, broad guidelines I may add, provides a certain level of accountability back to the Albertans as taxpayers.

And then you summed it up here with:

When we look at, you know, the whole area of MSI funding, on one side we're trying to provide municipalities with as much flexibility as possible and as much autonomy yet having a certain amount of – control is not the right word – direction, I guess, to individual municipalities.

You know, I guess our concern and the direction that we'd love to see the minister go is to loosen up that control and, again, the accountability. There are two areas where I feel that municipally they are accountable, I guess, or one that they are and one that we'd like to see. The number one where they're accountable is that they do have to balance their books, unlike the provincial and federal governments. They can go out and borrow, spend the money, make promises. Municipalities can't do that, and you have allowed them to actually borrow, and then, like you say, up to 7 per cent of the MSI funding can be used for the interest payments. Have you looked at allowing them to actually have savings accounts, you know, capital accounts, where the money is coming in, and they can save it?

7:50

The reason I ask that is because back in 2007 – I'm sure the minister will remember – the province with its glut of money and wondering what to do with it said: oh, it's a great time to build. They spent \$18 billion on infrastructure over a three-year period and really superheated the economy and caused a lot of damage and forced a lot of municipalities – because many of them received their infrastructure money – when it said: you have to have

this spent in 18 months. There just wasn't the capacity in the industry to even start to spend all of that money.

As you recall, this government always talks about how well things were spent, yet we got very little for our dollar. Now we're saying: well, let's spend now. So that's a concern. What we'd really like to see is the MSI funding increased dramatically. You've got it formula-based. The question is: is that an adequate formula now that we're going forward?

I just want to throw a few numbers at the minister. I'll start with Calgary. I think it shows \$256 million for funding this year. Just going back to 2008, the most recent numbers that I can find, \$10.25 billion of tax has come from Calgary. I think that we need to look at a way of actually having a formula that actually shares some of the corporate and personal tax back with the province. We feel that that's critical.

When we look at the way the government is clamping down and the criteria that you use, we don't feel that it gives the latitude that municipal government needs. Again, another Wildrose plan is to give recall. So if local aldermen and mayors go askew, how do you stop them? We believe that recall and being accountable to the local people would be a lot better than the government saying: well, you should build this one; you should build that one.

The most important thing, and while the clock goes fast, is the grants program and that other funding that you talked about. Why can't we just eliminate that and slide that money into the MSI funding and stop all of the time, the effort, the money that each of those municipalities and everyone else are forced to go through to try and get that money? I really believe that if we just go to a formula-based system, we can really benefit our local communities, where they're not forced to: "Oh, you know, there's a program for potholes. We need to make an application. Oh, there's a program for water." Those areas would be great to look at.

Another interesting thing, though, is the minister's support services. It's gone up \$40,000. Oh, I guess it's got to be \$400,000; it's always difficult to know when the graphs are changed. A \$400,000 increase to the minister's support program is a concern for us. Again, the hon. Member for Lethbridge-East talked about 70 per cent of the population receiving less than 50 per cent of the funding. Again, we just really feel like we need to take a couple of steps back and ask: where is this coming from? We just don't feel like they need to be held quite so accountable.

Again, I guess, to enhance our argument, I'm sure that you've been down to Calgary. You know, in Calgary they put out quite an in-depth thing with a case for the fiscal imbalance. It's quite persuasive there. Somewhere in the AUMA's financial outlook for taxing and principles – I've got it over here – is that cost-sharing works. I really think, like I say, that if there's one area where you as a minister could really lead and benefit the people of Alberta, it would be to open up those formula-based grants and to just give them the money and say: "You know what? We're giving you more autonomy, but realize that with that, the personal accountability goes down to your area. We're not going to be directing and saying that you need to spend this much for transportation or this much on the water or overseeing how much you're putting into your operating budget."

All of those areas. You know, it's nice, but how much babysitting do we really need to do? It's extremely frustrating that had this been in place back in 2007 with that \$18 billion – the number of municipalities that talked to me that just said: "We can't spend the money. If we could just put it into a capital account and spend it down the road, it would benefit our community so much more than being pushed, forced to go out and do it."

I'm just going to close on the grant application. Yes, you've got potholes. It's great. It's much easier. But, really, it's the most

frustrating thing for all of these communities to be going out and hoping that their lottery ticket gets pulled, that they get the grant, whereas if they just know over the 10 years when it's coming, that would be great. We need to give more sustainable funding to these communities so that they actually can go out and borrow if they need to. Or they could save for three years, have the money in the bank, and say: "We're saving up, you know, for this project. We've got to upgrade our water treatment plant, our sewage treatment plant." What are we going to do to really go forward? We have to stop treating them like children and saying: we just don't trust you, so we've got to be the overseer.

Again, I'm not even going to be able to get into your quotes, but at the start of your goals you say that, you know, you need to oversee and make sure it's going according to the government's plan. Well, I think they're a level of government. They should have their plan, and we shouldn't be so . . .

**The Chair:** Mr. Hinman, that's the last 10 minutes of your time.

**Mr. Hinman:** I appreciate that, and I'll let him answer. Wow, you speed up that clock. How do you do that?

**Mr. Goudreau:** Thank you, Mr. Chairman. I'm going to try to remember as much as possible. I took a few notes from the Member for Calgary-Glenmore. I know he went through quite a dissertation here, and I'm going to try to respond to as much as I can remember.

First and foremost, you know, there's no doubt that Darren Aldous, the president of the AUMA, expressed some frustrations at the breakfast. We need to keep in mind – turn the clock back a little bit – that there were 400 members, including a lot of members from the AUMA, that evolved and developed the formula and came up with the fact that they were satisfied with what was happening and satisfied with the MSI program and wanted to see that particular program move forward.

Now, as I indicated earlier in my comments to the Member for Lethbridge-East, the MSI program was built and developed and evolved to do exactly that. It was to allow municipalities to plan for the future, to allow municipalities to look at a longer term plan and program to allow them to budget well into the future and do a lot of planning for what they needed. You know, we're still committed, as I indicated, to the full \$11.3 billion as an investment to municipalities.

We met with the AUMA early this morning again, and we had a good discussion. I'm always open to meeting with the AUMA and to hearing their presentations and their particular comments. We reiterated the fact that this year MSI is going up by \$10 million, from \$876 million to \$886 million. I think there's an appreciation that inasmuch as they consider themselves a level of government, we're sort of saying that if we're going to make all of the decisions, if that's the case, then we don't need two levels of government. Then we might as well take over. So there have to be some decision-making abilities out there. There has to be some oversight, nonetheless, by the province.

We're very, very proud of the fact that we can work with individual municipalities. You know, we expect accountability as we have to be accountable to the rest of our shareholders, and that's the people of the province of Alberta. We are accountable to them, and we expect our municipalities to be the same.

You talked about the educational tax requisitions. This year we are requisitioning \$1.8 billion from all of the municipalities together. In return we are providing \$886 million of MSI. There are a lot of other direct grants that we're providing to the municipalities, which amount to \$2.2 billion. If the hon. member is listening,

you know, we are giving them \$2.2 billion back, and that's in direct grants. Indirectly the support to municipalities this year will be \$5.2 billion, and we are getting back just a little less, I believe, than a third of what we're spending on education across the province of Alberta. I re-emphasize the fact that up to now Calgary has been allocated \$896 million in terms of total dollars. The Calgary tax requisition for this year is \$603 million, but they will be receiving considerably more than that in terms of provincial grants. As I indicated, I suppose, the dollars that we collect in tax requisitions fund about a third of the education costs that are there.

8:00

The other thing. Since you brought up the education taxes, the mill rates on that requisition have continued to decline and have done that over the last eight years. We had promised to individual municipalities that our mill rate would drop, and we've been able to do that.

The other one is that we do that to make sure that all Albertans, no matter where they're located, whether they're in Calgary or whether they're in Fort Vermilion or La Crête or Oyen, will get a similar basic education that's available to them. If you turn the clock back 20, 25 years, we had some municipalities that could really afford a super, top-notch educational system for their children within their individual municipalities, yet a neighbouring municipality – and I've always said that some municipalities could barely afford an outhouse for their children going to school. So the whole reason for doing that was to make sure that we had equitable educational facilities and services available to all Albertans, no matter where they lived.

Now, the MSI programs, because they're formula based, are certainly not a lottery. Every municipality is written a letter. We do identify the fact that we will keep on supporting MSI well before they start their budget process. Typically, around Christmas we'll send a letter to the municipalities saying that the MSI program is still alive, it's still well, and they can anticipate some of those things, but they won't get their exact numbers till budgets are fully approved. Once we table our budget, that's when the individual municipalities will get their dollars.

They don't need to spend it on capital projects. You identified the fact that they could put some money aside or that they could, you know, maybe bank some money to do a bigger project or a longer term project. In fact, they can do that with the MSI dollars. They can bank dollars for five years, for instance, and then spend it all on a much, much bigger project. Or the reverse as well: if they've got plans into the future but they don't have MSI, they can borrow against that. They can move forward and work a longer term plan towards that. There are some municipalities that do have some pretty substantial savings accounts, and others out there have some pretty substantial liabilities. It's a combination of all of those things.

Again, there are quite a number of programs that the province has. I know that Darren as president of AUMA identified the fact that they would like to have just the cheque and then let them decide what's important to them, those kinds of things. Again, I go back to accountability and go back to needs that individual municipalities have. You know, we want to make sure that the dollars are spent the right way. As an example, we had municipalities that decided that their priorities were certain things and then two years later came back to us and said: our water system is falling apart; we want more money. You know, part of this is to work with municipalities to make sure that they take care of the important infrastructure that's required and then maybe those items that are not necessarily unimportant but not always required are maybe set aside for future years.

**Mr. Hinman:** Do I get the last one minute?

**The Chair:** You have one minute, yes.

**Mr. Hinman:** Thank you. I appreciate those answers.

Again, I was trying to write down notes as quickly as you were speaking and missed a few. You talked about \$1.8 billion, I think, in requisitions, but then you say that you're actually giving back \$2.2 billion in total. I wasn't expecting you to be done there.

A couple of other questions, I guess. Going back, let me flip to your Municipal Affairs mandate. It's interesting to me, page 89, the priority initiatives. You know, the municipal sustainability initiative is for a regional collaboration program, and your funding for that collaboration program has gone down quite a bit. Perhaps you could explain that, also including the re-engineering initiative on municipal grants. I read a little bit on that but . . .

**The Chair:** That exhausts the time for Mr. Hinman's exchange with the minister.

At this point we'll go to the ND opposition, please. Do you wish to go back and forth with the minister, or do you want to use the full 10 minutes?

**Mr. Mason:** We can go back and forth. I'm not quite as wild as they are.

**Mr. Hinman:** Who was hanging over the rails 20 years ago?

**Mr. Mason:** Not me. Not me.

I want to talk a little bit about the AUMA's position relative to revenue sharing, Mr. Minister. They're actually calling, as I understand it, for a phase-out of the MSI program and its replacement with a revenue-sharing program. I guess I'd like to know whether or not the government is seriously entertaining those kinds of proposals. I know that municipal governments for decades have wanted to have some sort of a regular, reliable source of revenue beyond the property tax, and I think in the past they've adopted some different positions. At one time, when I was a part of municipal government, the trend seemed to be towards asking the province to completely vacate the property tax and pay through general revenues for public education and leave the tax room for property taxes to municipalities. So that's one option. Now it seems to be based on some sort of revenue sharing based on a certain amount of resource revenue.

It's clear to me that the current resources available, especially to large urban municipalities, is not sufficient. The property tax was never really intended for anything more than services to property – police, fire, and so on – and to operate social housing programs, modern recreation and cultural programs, public transit systems, and so on, it's not really sufficient. So I'd like to know if the government is considering that, if they're engaged with AUMA in discussions, and what sorts of solutions you may be considering.

**Mr. Goudreau:** Thank you, Mr. Chairman. The member does bring up a couple of interesting points. There's no doubt as I go around the province and talk to members of AAMD and C, the Alberta Association of Municipal Districts and Counties, I get a different message than when I talk to the members of AUMA, the Alberta Urban Municipalities Association. On one side the AAMD and C talks about cost sharing, and the AUMA talks about revenue sharing. There's quite a difference there in terms of that individual approach.

Now, they bring that up more so in terms of relationships amongst each other, not necessarily a relationship with the province of Alberta, although the AUMA just recently have talked

about maybe a different funding formula that is being used rather than using MSI. At the breakfast that we had with them a number of weeks ago, they identified the fact that they'd like to have their revenue sources tied to the provincial revenue on a scale very similar to the province's revenue. So when the provincial energy revenues rise, they would see a rise, but on the flip side I'm not sure that they would appreciate a decline in their budget. I guess our municipalities may get what they wish, but it might not necessarily be better for them in the long run if they're on a sliding scale like we are as a province. As long as our revenues are climbing, then municipalities would benefit from that, but the minute revenues started dropping, I'm not sure that they would accept that.

**8:10**

Now, you talked about a regular, reliable source of revenue. Those were your words, hon. member. I think we're there. There's no other jurisdiction in Canada that provides as much regular and reliable funding to municipalities. The commitment of \$11.3 billion over a period of about a dozen years, for instance, is probably as reliable as you'll see anywhere. As I indicated earlier, most of my colleagues across Canada in municipalities look at Alberta as a leader when it comes to providing reliable and regular funding. It's unparalleled in this country to see a program of this particular magnitude. Again, we went from about \$400 million a few years ago to over \$500 million to \$776 million last year to now \$886 million and anticipating those numbers to grow over the next number of years. You know, part of it is to encourage sustainability and to ensure sustainability within the province of Alberta.

We recognize the need to have strong municipalities, and the stronger our municipalities are, the stronger this particular province will be. You're from the city of Edmonton. You know, our support to this city is also huge. Our total support in terms of grants to all of our municipalities is close to \$2.2 billion. We are looking at about \$376 million in terms of total grants that the city of Edmonton will get out of that particular provincial support. Not very many cities the size of Edmonton get this type of dollars from that, and those numbers have been growing over a number of years.

**Mr. Mason:** Well, just on the whole MSI, what I took from the answer was no, that you feel you're doing enough and that the MSI funding program is a program that you're going to go with. If I misinterpreted, let me know.

I just wanted to indicate that, you know, you've fallen quite far behind. As generous as it is, you have fallen behind the targets. In 2009-10 it was supposed to be \$600 million; it was \$400 million. In '10-11 it was supposed to be \$1.4 billion; it was \$876 million, which is still a substantial amount, I will agree. In this budget again it was intended to be \$1.4 billion, and it's \$886 million. The question, since you used the total funding number of \$11.3 billion over 10 years, is: given that you've lagged behind in hitting those targets, do you expect that at the end of 10 years the total contribution will still be \$11.3 billion?

I wanted to ask again a little bit here on funding. I'm not quite sure what the lead department is going to be in terms of talking to the city of Edmonton and potentially the city of Calgary with regard to funding for NHL arenas, but I would like to know if that is going to be handled by your department, and if so, I'd like you to tell me as much as you're able and willing to about where that's all at.

Something else that, I think, has come up in my discussions with mayors in Edmonton and Calgary is the whole question of the possibility of a charter, a separate piece of legislation for the

two major cities that could include potentially some independent powers for taxation so that they would have additional sources of revenue and very specific areas of responsibility. There does seem to be a sense that one size fits all for the Municipal Government Act may no longer be the way that they want to go, and I'm certainly interested in your views on that.

Those are a few areas for you to tackle, Mr. Minister. Thanks.

**Mr. Goudreau:** Thank you for the questions.

With the MSI we have responded to some of the anticipated changes. You know, we've made MSI a little easier to access. We've streamlined a lot of the application process. We've made a number of changes to make MSI, again, more flexible to meet the needs of individual municipalities.

We are still committed to the full \$11.3 billion. We haven't waived from that commitment whatsoever. There's no doubt that one of the agreements and an understanding that we have always had with our individual municipalities was the fact that MSI would grow inasmuch as our energy revenues would grow in the province of Alberta. We've missed our targets, but we've still increased MSI nonetheless. You're right. We are not where our targets are at. Instead of looking at MSI over a period of 10 years, we've sort of stretched that out to about a dozen years, so 12 years now to look at that. Our target is still to add \$1.4 billion per year of total support to our municipalities.

There's no doubt that even though we're providing maybe a little fewer dollars in MSI than what we targeted, the construction costs are considerably lower even than what they were two and three years ago. So with \$886 million they can probably do just about as much as they could have done with a billion dollars or over a billion dollars a few years ago. There is still a lot of activity within every municipality. You can see it right in our backyard here as we speak, the amount of activity that's occurring in this particular city when it comes to that. Our construction costs are going down.

We've added the Green TRIP program through the Ministry of Transportation. There are additional dollars that have come out that way. Just a major announcement for the city of Edmonton: was it last week or the week before when we committed some huge Green TRIP funding as well to this particular city?

We can preapprove MSI dollars up to 75 per cent of the dollars that municipalities will qualify for over the duration of the program so that they can have that flexibility to do long-term planning. When it comes to arenas, for instance, it really goes to, again, municipalities asking for flexibility in terms of how they may or may not use MSI dollars. We've stretched that flexibility to allow municipalities to determine their local priorities. So if a municipality, in my little community for instance, decides to build an arena and wants to use MSI funding as part of it, it's their particular decision. If the city of Edmonton would choose to use some MSI funding to support the infrastructure around an NHL arena, for instance, or if, you know, you tie it directly to the arena, it becomes their choice and their decision to do that. If they decide that they want to spend all of their MSI dollars towards those particular facilities, it's a qualifying component of this particular program.

Keep in mind that if they decide to spend all their money in and around an arena, for instance, they're going to forego maybe some LRT expansion that might be needed somewhere else or maybe another recreational complex or a library somewhere that they could have used MSI dollars for. So there are not unlimited numbers of dollars that they get. They've got a targeted amount of dollars that they can anticipate. It becomes the local council's priorities and decision-making for that to happen.

8:20

When it comes to the charters, especially our larger municipalities, that falls under the Municipal Government Act. I've indicated that the Municipal Government Act will be reviewed. We will start that particular process fairly soon.

The review of the act. The act is a very detailed act, and it's an act that is recognized as an extremely good act. It has set the stage for a lot of other provincial governments across Canada. It's probably one of the best acts that we have, albeit it's about 12 or 15 years old now, and it's time for us to reopen it and review it again. Every year we accumulate some comments, some suggestions, and the charter is one of the suggestions that we've received over the last little while here. We're looking at other provincial governments that have offered charters to the larger cities, and that will be part of the review. It's going to be part of the consultation process.

You know, as we move forward with the MGA, we will certainly consider all of those suggestions, including the charters for individual cities.

**Mr. Mason:** Thank you very much, Mr. Minister, for those answers.

I'm going to ask the chair how much time I've got left.

**The Chair:** About five minutes.

**Mr. Mason:** About five minutes? Okay. Thanks very much.

I just want to clarify with respect to NHL arena funding. My understanding is that you would be willing to let municipalities use their MSI funding on publicly owned infrastructure that is part of a bigger complex but that they wouldn't get more as a special amount. Have I got that basically right?

Okay. I noticed in the response to the AUMA questions that were submitted to you and your response regarding Budget 2011 that there's a question about alternate forms of transportation that has to do with, you know, bikes and walking paths and so on. The response I think was missing the point. The AUMA question clearly suggested that this was seen as part of the transportation infrastructure of the city, but the response was that it would come under a Tourism, Parks and Recreation initiative to develop recreational trail systems. That's not the same thing.

I think what they're talking about is actually taking into account and facilitating the fact that part of the transportation strategy of major cities and urban areas in particular does involve things like walking and bicycling, and in particular also things like rollerblading and so on as part and parcel of their actual transportation. That's a little different than seeing it as a recreational opportunity. I wonder if you're prepared to consider providing more support for that type of transportation?

I want to ask a little bit about the government's long-term plan with regard to property taxes. Actually, one of the first things I went to when I was elected as an MLA was a Chambers of Commerce lunch where Steve West announced a plan to basically phase out provincial involvement in property tax by freezing it and letting it drop over a long period of time and leaving the room for municipalities. I'm just wondering if the province has any plans to replace educational funding in the area of property taxes? I understand the intention of pooling the property taxes so that all school districts get a fair share, but what about just replacing it as a source of revenue for education funding altogether with general tax revenue?

**Mr. Goudreau:** Thank you for the questions. Going back to the arena question, for instance, public recreation is a qualifying ex-

penditure under MSI. You know, we talk about recreation and sports facilities. Presently they account for about 17 per cent of the value of capital applications that have been accepted under MSI to date. About \$768 million has been allocated toward recreation and sports facilities in the province of Alberta.

When it comes to things like your alternative forms of transportation – you talk about recreational trails, whether they're used for walking or for bicycling or whatnot – if it becomes a local priority of the municipality, then they can in fact use their MSI dollars towards that. There are not extra dollars within my ministry for those specific things. You know, the whole idea of the MSI program was to allow municipalities to pick and choose what is important for themselves, for their residents, for their ratepayers, and it's to allow that flexibility. The AUMA has indicated to us a number of times: we want the ability to make our own decisions. So we say: "Okay. There's a pot of money. These are the broad guidelines around it. Go for it," in that sense. Over the last few years here, basically between April 1 of 2007 . . . [A timer sounded] Can I finish?

**The Chair:** Thank you, Minister. That concludes that 20-minute segment. Hold that thought.

At this time we'll go to Mr. Taylor for the next 20 minutes and exchange with the minister.

**Mr. Taylor:** Thank you very much. The minister and I will go back and forth, if that's okay with the minister.

Just picking up on this theme of flexibility in the MSI funding, how much flexibility is there for municipalities around the Green TRIP funding?

**Mr. Goudreau:** The Member for Calgary-Currie is asking a question about the Green TRIP program. Although it involves the municipalities that fall under my jurisdiction, the rules and regulations around Green TRIP and the flexibility around Green TRIP are administered by the Minister of Transportation. He is the one that has the Green TRIP funding in his particular budget, and I really don't have a lot of authority over that particular one aside from maybe doing some co-ordinating work and planning work with that particular minister. Sometimes it might be a joint effort where a municipality might use some Green TRIP funding in conjunction with MSI funding and in conjunction with the taxes they collect from their ratepayers to have a particular program happen.

**Mr. Taylor:** Let me be sure that I'm clear on this. Does your ministry provide some funding to municipalities or some funding to the Green TRIP program?

**Mr. Goudreau:** Not a single penny. The Green TRIP program is solely administered by Transportation. We have nothing to do with the Green TRIP program. We don't administer it. We don't provide additional dollars into the Green TRIP fund itself. Like I said, the overlap comes probably where a municipality might use both programs to arrive at and finalize a particular project or an activity.

**Mr. Taylor:** Okay. Thank you for that clarification.

I'd like to talk a little bit about the review of the Municipal Government Act and get from you, if I could, some sense of how you're going to phase this in, how you're going to stage it, what the priorities are, how long you estimate it's going to take to conduct the review, whether the plan is to review the act in its entirety or to review it in chunks. Just give me some sort of an overview of how you see that going, please.

**Mr. Goudreau:** Sure. Thank you for that particular question. The Municipal Government Act really provides the framework to guide the operation of all the municipalities in Alberta. As I indicated earlier, it really provides a lot of authority and a lot of flexibility to provide whatever services are required for the best interests of that particular community.

The act itself, as I identified, has not been opened in its fullest extent since 1994. Just about every year, though, ever since I've been here in the Legislature for the last 10 years, we've made some slight amendments or some slight changes to accommodate some immediate needs to the MGA itself.

8:30

But the broader review – and no doubt as a member you would understand that the act is very detailed. It's split in three main sections. We would start doing the review, basically, fairly soon, you know, fairly immediate here, and the review would occur in three different phases, probably over a period of a couple of years per phase.

Just as an example, from all of the stakeholders, whether it's from municipalities or others involved directly or indirectly with municipalities, we've received probably to date over 600 requests for submissions or changes to the MGA, so you can appreciate that it's going to be a very daunting process, a very, very detailed process.

The first section is on governance, and that particular process could take up to two years to do that section by itself. The assessment and taxation parts, which are parts 9 to 12, would take probably another two years to review. Finally, planning and development, which is the third section, and authority under the MGA would most likely take a couple of years.

When we start from now until we finalize the full act, we can probably look at a five-, six-year process before it's all completed if we're going to do a good job. We're very, very proud of our existing act. If we're going to open it and it's going to serve us for another 15 years or 20 years after it's finalized, we want to make sure we get it right. We want to make sure that we actually answer to the needs of today, the experiences and the challenges that municipalities have today. As we see our municipalities grow and become more sophisticated, we need to make sure that the act reflects that.

**Mr. Taylor:** Okay. How is that likely to hit the floor of the Legislature? Is it likely to hit the floor of the Legislature in three separate chunks two years apart so that we'd be debating the first section of the new municipal affairs act a couple of years hence and then the second section two years after that and that sort of thing? Or are you going to hold on to each section that you review and bring sort of an omnibus bill in?

**Mr. Goudreau:** Mr. Chairman, the whole review of the act, as I've indicated, will be a long-term process. It's our intent to bring the act and do the legislative changes as we move along. So we'll probably do a tremendous amount of consultation initially and start working on the first section and do the necessary amendments and legislative changes that are required probably every couple of years. Then what I see may very well happen is at the end we might have to go back to do some minor tweaking and changes to legislation that we might have done two years before or four years before to bring the whole thing together. The whole idea is to do a lot of consultation, a lot of discussion, bring it on the floor here, have it passed, and then move on with the other sections.

**Mr. Taylor:** Okay. So everybody's jobs on the front benches there are assured for another six years by the looks of things, unless you give money to an NHL team to build an arena and they don't deliver a Stanley Cup. Then all bets are off.

Anyway, to get back to the point here and be serious about this, in this consultative process, who will be included in this discussion?

**Mr. Goudreau:** Well, thank you. My staff is really pleased with the fact that they've got job security for a number of years.

You know, the consultation process will be a very, very broad one, and I expect that, basically, every Albertan will have an opportunity to participate. Our targets, there's no doubt, will be the municipalities themselves. We'll work as a full group with AUMA and AAMD and C but also the Association of Summer Villages. There's a number of associations that deal directly and indirectly with municipalities. We'll do that. There's industry that's out there as well working with individual municipalities. When I talk industry and stakeholders, you know, there are groups out there that provide safety services, for instance, or auxiliary services to individual municipalities, and they would have a stake in some of our decisions.

But we would expect initially that the associations would probably be the ones that would be consulted the most. Individual municipalities no doubt would be invited to participate and present their opinions and their thoughts and then the general public. My intent is to see a very, very detailed and very in-depth consultation process. So every Albertan that is impacted by some of the changes, I would hope that he or she would have the opportunity to participate and present their feelings and their thoughts on the changes to the act.

**Mr. Taylor:** Okay. I'm now going to try and dance right out to the edge of the limits of not only your ministerial responsibilities but what we're actually here to discuss tonight, which is your department's budget after all. We've been discussing the MGA and the review of the MGA because that's one of the goals in your goals, priority initiatives, and performance measures. It's goal 1.4. There are some other goals in here, too. I would suggest goal 3.1, deliver an effective and efficient appeal process for subdivisions appeals, intermunicipal disputes, annexation applications, linear assessment complaints, and equalized assessment complaints, as one example that jumps to mind right off the bat. I think that there are others if we were to look more deeply.

Just back to the MGA review, how is this going to fit in with or collide with, or something in between, the Land Stewardship Act? Land-use policy regional plans, and especially since ALSA talks about, you know – ALSA is sort of supreme among acts. It takes precedence over everything else. That's going to inform how the review of the MGA proceeds, is it not?

**Mr. Goudreau:** All of this hopefully will fit together, you know, hand-in-glove, and I say "hopefully." It's our intent to make sure that they all work together. Individual municipalities have their own land-use plans as well. We also do a lot of work with, as I indicated earlier, the Capital Region Board. The Calgary regional board as well is looking at a broader plan and, you know, planning issues and individual land use. So we've got the Municipal Government Board as well that do assessments or review appeals of different things. They're involved in annexation hearings. They're involved in a lot of the issues that municipalities may have to deal with. The composite assessment boards are there in place.

There is no doubt that as we move forward with the particular review, we'll have to see. It may have an impact in terms of the



activities of things like the Municipal Government Board and how they perform and how they relate to individual municipalities. In other words, if we change the authority of individual municipalities, if we give them more powers or different powers, for instance, we might have to go back and review what our boards are involved with. Already, you know, just the biggest part of the Municipal Government Act itself and a lot of the activities when it comes to planning is that we're already working closely with the Land Use Secretariat, for instance, the assessment and appeals in the MGA, all of that. We have to make sure and will make sure that they're integrated and follow through on a broader perspective.

So when I say that hopefully they'll all mesh together, it will take time for that to happen, but the intent is to make sure that they all follow one another and will fit together.

8:40

**Mr. Taylor:** The land-use framework does include municipalities in the process, but it doesn't really give very much authority to municipalities, I don't think. But the regional plans that are being established obviously directly affect municipalities. Does the minister think that perhaps more authority should be granted to municipalities in the regional planning process? I know that again is probably at the very limit of your ministerial responsibility, but if I don't ask the question, I don't get any kind of answer to that, so there you go.

**Mr. Goudreau:** Well, you know, the land-use provides virtually the same authority that they've always had, so we're really not changing that particular authority. They are mentioned in the lower Athabasca regional plan. They are mentioned there. We're seeing that if there's a need to change individual municipal plans, there will be ample time for that to happen. The municipalities are the ones that deal with their local issues. As I've identified with them aside, they deal with their local priorities. They are representative – there were a number of individuals representing municipalities on the LARP plan, and there will be municipal representation on all of the following land-use committees. So they will be part of the regional advisory committees that are there, and the government has made it a point to make sure that it's there.

We'll continue to consult with the municipalities on land-use issues. The plans will take municipal concerns into consideration. If there's a need to make adjustments, they will have five years to make whatever minimal adjustments might be required.

**Mr. Taylor:** How am I doing for time, Mr. Chairman? How much time do I have left? About five minutes. Okay.

I'd like to, if we can, talk a little bit about emergency and disaster planning, that sort of thing. Goal 5, of course, is that Albertans are protected from the effects of emergency events through a comprehensive emergency management system. Goal 5.5 is to provide support and assistance to municipalities, industry, and provincial government departments and agencies involved in the mitigation, prevention, response, and recovery from an emergency or disaster.

Now, there was some severe flooding last June in southern Alberta. We're bracing ourselves for some more flooding this spring, of course, down there. So I have a couple of questions around that. Given that flooding and given what appears to be on the horizon, how will the ministry improve measures for the prevention of property damage given that the occurrence of flooding seems to be becoming more frequent in southern Alberta? Last June's response to flooding and property damage was, I would

argue, considerably delayed, as some critics have already mentioned. How will the support from the ministry increase or improve response time for future flooding and future disaster claims coming out of that?

**Mr. Goudreau:** Thank you. For the member's benefit, last year was probably one of our busiest years on record, where we authorized probably the most amount of money towards disaster recovery programs. That included a number of flooding activities, but it also included a municipal wildfire and some terrible wind storms that we had. So no doubt there was a lot of learning that we did.

This particular province is probably one of the best managed and has probably one of the best managed safety systems in the country. There's no doubt that we are continuing to work to improve it. Every time we do have a disaster, we find things that we can do better or could have done differently. Last year we learned that certainly a disaster happens very, very rapidly, and then it takes a long time to rebuild and recover from individual disasters. But by enhancing our planning, improving our prevention, and continuous training with our municipalities, we try to reduce a lot of the incidences that might become emergencies.

There's no doubt that last year we went through some terrible flooding in southern Alberta, where probably over 3,000 files had to be opened and dealt with over the year. We did make some changes to address what we learned last year. One of the things was, you know, to be maybe a little bit more prepared. This year we knew that there was about 260 per cent of the normal snow in southern Alberta, for instance. We also knew that the soils were already saturated, so we knew that if the weather warmed up very, very quickly, we would experience yet another series of floods in the south. We did allocate some resources to the municipalities there. We made sure that sandbags were moved into the municipalities. Sandbagging equipment was moved in. We allocated \$1.2 million that municipalities could use towards mitigation, and they did that. They bought equipment; they moved some equipment into the community. So they were already prepared for whatever flooding might occur.

As well, from early March to March 31 we've already approved \$3 million of disaster relief for those municipalities that have been affected already this year, and we'll continue to work with individual municipalities. If there's a need for additional disaster relief programs across the province as we move forward, we will be there.

Now, again, the responsibilities are a joint effort, but ultimately the responsibilities lie with the municipalities to provide some of the protection for their citizens. We'll encourage them; we'll keep on working with them. Our municipalities have been great to show their commitment toward emergency planning, toward prevention of activities out there, to try to do some mitigation work on behalf of their residents. There's no doubt that our staff have been terrific out there. The Alberta Emergency Management Agency has been working directly with municipalities to provide the support that's required when needed.

**The Chair:** Thank you, Minister and Mr. Taylor.

At this point we'll go to Mr. Benito for 20 minutes, either 10 and 10, or you can exchange with the minister, please.

**Mr. Benito:** Thank you very much, Mr. Chair. Good evening, Minister. I thought I should let you know that I appreciate this opportunity and thank your administration for coming here today as well for the 2011-12 main estimates for your ministry.

My first question is about the energy efficiency code in Alberta. When can Albertans expect energy efficiency standards to be included in the Alberta building code?

**Mr. Goudreau:** Well, thank you. The Member for Edmonton-Mill Woods is asking a question that's very near and dear to a lot of Albertans. There's no doubt about that. As well, energy conservation for all of our buildings is a big priority for not only this minister and our staff but for all of government. Albertans tell us over and over again that they're very passionate about their environment and that they want to build green.

I want to commend industry that's out there already and on their way to EnerGuide 80 standards. They're moving there. Not every builder is heading in that particular direction, but a lot of our good builders are certainly heading in that direction.

Through agencies, as well, like Climate Change Central, Alberta has been providing education and incentives for greener households. Alberta has a plan to achieve this, and we're providing input to the national code as we move forward. As the national code process is under development, we're very much involved in providing our input to them.

Mr. Chairman, the model of the national energy code for buildings will be published in late 2011, and those are the commercial buildings and other buildings aside from residences. The model national code for houses will be published in 2012, so once that happens, then we'll be in a position to start moving forward more aggressively in the province. We do work in conjunction with all of our colleagues across the nation. We don't do this in isolation. We work with all the other stakeholders across Canada. When we look at the national energy code, those are the codes that we tend to utilize in the province of Alberta to move forward.

8:50

**Mr. Benito:** Thank you, Minister.

For sure the Alberta Energy Efficiency Alliance, the manufacturers' association of Canada, the Pembina Institute, and the Alberta building code all believe that the energy efficiency standard is very important in this province. The benefits of having an energy efficiency standard greatly outweigh the additional costs passed on to consumers. The first supplemental question that I would like to ask is: why has Alberta decided not to develop interim energy efficiency standards?

**Mr. Goudreau:** Well, thank you, Mr. Chairman. The reason why we haven't moved forward with interim was to try to minimize the confusion out there. We know that the introduction of national standards in late 2011, as I indicated, for commercial buildings and late 2012 for homes make a transition period really quite unnecessary. The transition period is quite short. You know, if we'd be looking at six or seven years down the line, we'd probably entertain the transition period, but because it's going to happen here already this year, then we felt that the transition period was

unnecessary. The national code will contain the two necessary elements that are required, performance and prescriptive options. That's going to help the industry with the transitions.

We've seen the successful adoption of codes with both those elements, in terms of performance and prescriptions, which interim measures would not necessarily have. We're already working with industry to prepare them for these code changes. I met with some of the builders last week, and they're enthusiastic about it. As I indicated, a lot of them are moving in that particular direction, and we want to make sure that we're going to get this right. I think, you know, to minimize a lot of confusion and to make sure that it's going to be achieved, we want to follow the national process.

**Mr. Benito:** Thank you very much, Mr. Minister.

About Alberta's energy efficiency for houses, which is right now approximately at EnerGuide 68, our target for the upcoming year is a new building code, EnerGuide 84 for houses. What are the cost implications if Alberta considers interim energy efficiency standards for houses, which I feel would benefit the consumer and at the same time even in the resale of these properties if they're ever put on the market later on?

**Mr. Goudreau:** That's an excellent question. There's no doubt that there are cost implications to every action that we do, to every decision that we make. Energy efficiency is certainly vital to environmental sustainability. When we look at other jurisdictions across North America, we sort of estimate that cost increases have been estimated from about \$6,000 per home to about \$12,000 per home. That comes from the North American Insulation Manufacturers Association and people like Jayman master builders. Apparently, it's relatively easy to determine costs by individual components. However, the total cost for a typical house is problematic. It's hard to pinpoint exactly what a cost is going to be there.

There's no doubt there are upfront capital costs, but we also know that those capital costs will be recovered over time through lower monthly energy costs to the individual homeowners.

**Mr. Benito:** Mr. Chairman, as my first job in my business as a real estate agent, this was the reason why I got interested in this question about energy efficiency.

Those are all my questions.

**The Chair:** Okay. Thank you, Mr. Benito.

Does anyone else wish to speak?

Seeing none, pursuant to Government Motion 5 the estimates of the Department of Municipal Affairs are deemed to have been considered for the time allotted in the schedule.

I would like to thank everyone for attending this evening. This meeting is adjourned. Thank you.

[The committee adjourned at 8:55 p.m.]



