



Legislative Assembly of Alberta

The 28th Legislature  
First Session

Standing Committee  
on  
Resource Stewardship

Ministry of Municipal Affairs  
Consideration of Main Estimates

Wednesday, April 17, 2013  
10 a.m.

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**Legislative Assembly of Alberta  
The 28th Legislature  
First Session**

**Standing Committee on Resource Stewardship**

Kennedy-Glans, Donna, Calgary-Varsity (PC), Chair  
Anglin, Joe, Rimbey-Rocky Mountain House-Sundre (W), Deputy Chair  
Allen, Mike, Fort McMurray-Wood Buffalo (PC)  
Barnes, Drew, Cypress-Medicine Hat (W)  
Bikman, Gary, Cardston-Taber-Warner (W)  
Bilous, Deron, Edmonton-Beverly-Clareview (ND)  
Blakeman, Laurie, Edmonton-Centre (AL)  
Calahasen, Pearl, Lesser Slave Lake (PC)  
Casey, Ron, Banff-Cochrane (PC)  
Fenske, Jacquie, Fort Saskatchewan-Vegreville (PC)  
Hale, Jason W., Strathmore-Brooks (W)  
Johnson, Linda, Calgary-Glenmore (PC)  
Khan, Stephen, St. Albert (PC)  
Kubinec, Maureen, Barrhead-Morinville-Westlock (PC)  
Lemke, Ken, Stony Plain (PC)  
Rowe, Bruce, Olds-Didsbury-Three Hills (W)\*  
Sandhu, Peter, Edmonton-Manning (PC)  
Stier, Pat, Livingstone-Macleod (W)  
Webber, Len, Calgary-Foothills (PC)

\* substitution for Pat Stier

**Also in Attendance**

Donovan, Ian, Little Bow (W)  
Dorward, David C., Edmonton-Gold Bar (PC)

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Karen Sawchuk	Committee Clerk
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Liz Sim	Managing Editor of <i>Alberta Hansard</i>

## **Standing Committee on Resource Stewardship**

### **Participants**

#### Ministry of Municipal Affairs

Hon. Doug Griffiths, Minister

Mike Leathwood, Assistant Deputy Minister

Anthony Lemphers, Assistant Deputy Minister, Corporate Strategic Services

Michael Merritt, Assistant Deputy Minister, Local Government Services

Ivan Moore, Assistant Deputy Minister, Public Safety

Paul Whittaker, Deputy Minister



10 a.m.

Wednesday, April 17, 2013

[Ms Kennedy-Glans in the chair]

**Ministry of Municipal Affairs  
Consideration of Main Estimates**

**The Chair:** Good morning, everyone, and welcome to this meeting. Just to make sure you're in the right room, we have under consideration the estimates for the Ministry of Municipal Affairs for the fiscal year ending March 31, 2014. Just one more reminder that the microphones are operated by *Hansard*, so please try not to clutch them, and if you'd take your cell phones and put them under the table, that would be great.

We'll start around the table with introductions. Minister, if you'd like to introduce your whole team either now or during your introduction, it's your choice.

**Mr. Griffiths:** During my introduction. Thank you.

**Mr. Anglin:** Joe Anglin, MLA, Rimbey-Rocky Mountain House-Sundre.

**Mr. Webber:** Len Webber, Calgary-Foothills.

**Ms Calahasen:** Pearl Calahasen, Lesser Slave Lake.

**Mr. Sandhu:** Good morning. Peter Sandhu, Edmonton-Manning.

**Mr. Khan:** Good morning. Stephen Khan, MLA, St. Albert.

**Ms L. Johnson:** Good morning. Linda Johnson, Calgary-Glenmore.

**Ms Fenske:** Jacquie Fenske, Fort Saskatchewan-Vegreville.

**Ms Blakeman:** Good morning. My name is Laurie Blakeman, and I would like to welcome each and every one of you to, if it's possible, my even more fabulous constituency of Edmonton-Centre this morning. Thank you very much.

**Mr. Griffiths:** Doug Griffiths, MLA for Battle River-Wainwright.

**Mr. Hale:** Jason Hale, MLA, Strathmore-Brooks.

**Mr. Stier:** Pat Stier, MLA, Livingstone-Macleod.

**Mr. Bikman:** Gary Bikman, Cardston-Taber-Warner.

**Mr. Rowe:** Bruce Rowe, Olds-Didsbury-Three Hills.

**Mr. Barnes:** Drew Barnes, Cypress-Medicine Hat.

**Mr. Bilous:** Good morning. Deron Bilous, MLA, Edmonton-Beverly-Clareview.

**Mr. Donovan:** Ian Donovan, Little Bow.

**Mr. Allen:** Good morning. Mike Allen, Fort McMurray-Wood Buffalo.

**Mr. Casey:** Ron Casey, Banff-Cochrane.

**Mr. Lemke:** Ken Lemke, Stony Plain.

**The Chair:** Thank you, everyone. I just want to go through the speaking order. You do have to bear with me again. We do have to read this into the record. As you know, the Assembly approved amendments to the standing orders that affect consideration of

main estimates. Before we proceed with the consideration of the main estimates for the Ministry of Municipal Affairs, I would like to review briefly the standing orders governing the speaking rotation.

As provided for in Standing Order 59.01(6), the rotation is as follows. The minister or a member of the Executive Council acting on your behalf, Mr. Griffiths, may make opening comments not to exceed 10 minutes. For the hour that follows, members of the Official Opposition and the minister or the member of the Executive Council acting on the minister's behalf may speak.

I understand, Mr. Rowe, that you will be speaking for the Wildrose caucus at that time.

**Mr. Rowe:** Correct.

**The Chair:** For the next 20 minutes the members of the Liberal party and the minister or the member of the Executive Council acting on the minister's behalf may speak. That will be Ms Blakeman.

For the next 20 minutes the member of the New Democratic Party and the minister or the member of the Executive Council acting on the minister's behalf may speak. I understand that will be Mr. Bilous.

For the next 20 minutes private members of the government caucus and the minister or the member of the Executive Council acting on the minister's behalf may speak. I understand today that that will be Mr. Allen and Mr. Casey. Any member may speak thereafter.

Members may speak more than once; however, speaking times are limited to 10 minutes at any one 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 wish to combine their time with the minister's time.

Once the specified rotation between caucuses is complete and we move to the portion of the meeting where any member may speak, the speaking times are reduced to five minutes at any one time. Once again, a minister and a member may combine their speaking times for a maximum total of 10 minutes, and members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time.

We have two hours this morning. There are five hours scheduled to consider the estimates for the Ministry of Municipal Affairs. I will call a five-minute break sometime this morning.

Committee members, ministers, and other members who are not committee members may participate. Members' staff and ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee.

As noted in the Speaker's memorandum of March 22, I would like to remind all members that during main estimates consideration, members have seating priority at all times. It's nice to see this really full room this morning. Should members arrive at a meeting and there are no seats available at the table, staff are asked to relinquish their seats to the members.

If debate is exhausted prior to five hours – and we go from 7 to 10 this evening – the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn; otherwise, we will adjourn at noon this morning and again at 10 tonight.

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

Any written material provided in response to questions raised during the main estimates should be tabled in the Assembly for the benefit of all members.

Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 22, 2013.

I have not received any amendments, so I won't go through the amendments now.

I just want to cover off one point before I invite the minister to begin his remarks, and that is the rotation for the time when individual members get to speak. In the very first meeting of this committee, the Resource Stewardship Committee, we adapted a rotation like this for the five-minute cycles: Wildrose, PC, Wildrose, PC, Liberal, PC, ND, PC, and on it goes. I will continue with that, okay?

So, Mr. Minister, 10 minutes.

**Mr. Griffiths:** Well, thank you very much, Chair. It's an honour to be here. It's a pleasure to be here, and it's great, too, to see so many people here, the turnout. It just indicates that it doesn't matter what party you're from or what your personal interests are; everyone understands and appreciates just how critical municipalities are to building a better province, a stronger province.

I'm joined by quite a few staff here today, and it's my pleasure to introduce them. To my right is my deputy minister, Paul Whittaker. We have our assistant deputy ministers. Michael Merritt is on my left. Ivan Moore is here. Mike Leathwood is here to my far right. Anthony Lemphers is here. We're also joined by the managing director of the Provincial Operations Centre and Emergency Management Agency, Colin Lloyd. We have Ken Lesniak, who is the chair of the Municipal Government Board. We have communications staff Cam Traynor and Kathleen Range. Cam's been with me for a bit, and Kathleen is rather new, but they do an exceptional job of communicating information to the public and to municipalities. And, of course, we have Dan Balderston, who is the senior financial officer within the department.

Now, I'm here to present the business plan for Municipal Affairs, but the business plan that we have is more than just municipalities. It's about building stronger communities, vibrant communities for the province because, quite frankly, that is the essence of what makes Alberta great and makes Alberta strong. Whether we're talking about schools or recreational facilities or thriving businesses or safe, affordable housing or emergency preparedness to make sure that everyone in every single community is prepared should something go wrong, they're all aspects that help make our community stronger and thereby support our families. That's really what this budget and this business plan are about.

This year's budget takes a long-term view that ensures Albertans will continue to see benefits in their communities. It reflects an understanding that challenges in communities can be transformed into opportunities. For weeks prior to the introduction of the provincial budget Premier Redford signalled to Albertans that the government must live within its means. This budget is based on the thoughtful decisions necessary for Municipal Affairs to live within its means while continuing to deliver on core programs and, quite frankly, finding interesting and strategic ways to help with transformation to ensure long-term prosperity.

It also reflects our government's commitment to not balance the books on the backs of municipalities. With a Municipal Affairs voted budget of \$1.27 billion, we remain committed to municipalities. In addition to the support from my ministry, municipalities also receive funding from other departments, and when all these programs are added up collectively, we're looking at almost \$2 billion of provincial money going to support municipalities and their endeavours.

Having said that, there's absolutely no sector that is immune to the revenue pressures that the province faces right now. We recognize that municipalities will experience some challenges in the context of the overall budget, but I am very confident that our ministry and its partners can effectively respond to the current challenges. We'll arrive at more creative and efficient and transformative solutions to meet the needs of Albertans community by community. The revenue challenge facing the Alberta government presents an opportunity for Municipal Affairs. It's an opportunity to make sure that we're spending smarter, and it's an opportunity to make thoughtful changes in the way that we do business. Our budget and business plan decisions are strategic and driving positive transformation.

We'll be doing that in several ways. First, one example is that we're shifting more resources towards encouraging municipal collaboration, which I have talked about incessantly for two years as minister. We are also making smart use of existing resources and P3 opportunities to invest in affordable housing, all without increasing our budget but rather leveraging funds to the best of our ability. I'll expand on both of those in a moment.

While this budget reflects restraint, we have not lost sight of the need to invest. Because our province is growing fast, as I've said many times, by almost 100,000 people a year, we need to make smart budget decisions today with a plan for the next 20 years in mind, and that's what we've done with this budget.

#### 10:10

Key changes to our budget are our continued investment of \$896 million in MSI, a \$20 million increase to support an enhanced regional collaboration program, a \$2.2 million increase to the Alberta Social Housing Corporation to address the increased costs our housing providers face in operating our social housing units, and a decrease of \$6.6 million in housing rent supplements as we make the transition to long-term stable housing.

Goal 1 of our business plan is to enhance long-term viability and accountability of municipalities and their communities. Meeting the first goal of our business plan includes establishing a Premier's council on a new provincial-municipal partnership, which we plan to have in place following this year's local elections.

Fine-tuning roles and relationships and the legislative structure that ties those responsibilities together also falls under goal 1 in the continued review of the Municipal Government Act, the MGA. It's one of the largest, most important pieces of legislation in the province and integral to the work of municipalities. That's why this principles-based review is comprehensive and collaborative. We've already begun working with the advisory committee, and a full stakeholder engagement process will start later this year.

The first goal also includes providing funding to municipalities through MSI, the municipal sustainability initiative. As mentioned, Budget 2013 maintains the government's investment in MSI. It includes a significant investment of \$896 million in MSI funding for 2013-2014 to help Alberta communities meet the priorities of their residents. Since the program was created in 2007, MSI has allocated \$3.9 billion to municipalities, supporting more than 3,500 capital projects identified by local councils as their priorities, not the province's priorities. The funding in 2013 is in addition to this commitment. By maintaining MSI funding, we're demonstrating our commitment to municipalities and the continued importance of investing in local infrastructure for the future of our province.

The regional collaboration program is another program under goal 1. As mentioned earlier, we're shifting more resources towards encouraging municipal collaboration. Partnerships are key

to success. Over the next three years you'll see a greater emphasis being placed on providing incentives for municipalities to work together to find ways that they can be successful over the long term. We'll be investing more resources into the regional collaboration program, starting with a \$20 million kick-start for 2013 followed by shifting \$50 million in MSI operating money into the regional collaboration program in future years. This is part of the principle that there's no us versus them; there's only us. There are only Albertans, and we're all in this together. Our success as a province depends on collaboration in all sectors, at all levels, from one end of the country to the other. This will encourage municipalities to work together and collaborate. It's a great example of smart spending that also leads to transformational change.

A change under this year's budget and business plan affects the education property tax. Municipal Affairs administers the education property tax system, and the revenue collected helps provide a high-quality education system for Alberta students. Alberta expects to collect \$2.06 billion in education taxes in 2013-2014. This tax is now based on the actual cost of delivering education, and it's set at 32 per cent of the cost of education. Basing education property taxes on the actual cost of funding education will achieve greater transparency, fairness, and equity. I believe it will also engage property owners to more effectively discuss the cost of education and their willingness to pay for it.

This year we're also removing mitigation measures that have been in place for high-growth communities for the past 12 years. Removing the mitigation measures will ensure that the distribution of education property tax is more equitably shared across the province as similarly valued properties pay similar amounts of taxes no matter where they are located in the province. Mitigation measures were directed at communities experiencing high growth in property values. To allow for a period of adjustment, we will phase out mitigation for four communities experiencing an average increase on an average home of \$400: the regional municipality of Wood Buffalo; improvement district No. 4, Waterton Lakes; improvement district No. 9, around Banff; and the town of Chestermere.

Because of the decision to end mitigation, it's estimated that in 2013 the average homeowner in Calgary will see a decrease of about \$40 in their education property tax bill, and in Edmonton they'll see a decrease of about \$20.

The second goal in our business plan is to ensure fair and timely decisions on matters before the Municipal Government Board as set out in the MGA and related regulations. We want to ensure that all Albertans are treated fairly. By supporting an efficient, streamlined board structure and providing enhanced training for board members, we remain committed to ensuring an open and effective appeals process.

As before, we are dedicated to ensuring that low-income Albertans have access to a range of safe and affordable housing options and services. Stable housing and stable families make for a better Alberta, and our first priority is to help meet those needs to fundamentally ensure we have strong communities. Government will continue to make investment in affordable housing a priority by using existing resources within the Alberta Social Housing Corporation by reinvigorating the Alberta Social Housing Corporation to match federal contributions and explore P3 opportunities. [Mr. Griffiths' speaking time expired] Boy, that went by fast.

I'm happy to address any questions you may have going forward.

**The Chair:** Thank you, Mr. Minister. We have five hours, so I suspect we'll get a chance to cover the ground you intended. And

thank you for bringing your full team. It's actually really heartening for all of us to see who's doing this work on a day-to-day basis. Thank you for being here, all of you.

Before we start, Mr. Rowe, I'm just going to ask Mr. Dorward and Ms Kubinec to introduce themselves.

**Mr. Dorward:** David Dorward, MLA, Edmonton-Gold Bar.

**Ms Kubinec:** Maureen Kubinec, MLA, Barrhead-Morinville-Westlock.

**The Chair:** I think everybody else did introductions.

Now that we're caught up, Mr. Rowe, would you like to go back and forth with the minister?

**Mr. Rowe:** I'd prefer that if that's okay.

**The Chair:** Okay. I'm going to interrupt you at 20 minutes. I'm just warning you. Please carry on. Thanks.

**Mr. Rowe:** Thank you, Madam Chair. Minister Griffiths, I have to say that I agree with a lot of your comments, and I appreciate them. We are all here for one reason, and that's to serve Albertans, no matter what party we're on. I look forward to working with you rather than against you. Let's put politics aside and get the right thing done.

With that said, I'm also pleased to see a very good turnout here today. Municipalities form a huge part of our government, as we all know, and I think there needs to be a firm commitment from all parties to support those municipalities and recognize them as a partner rather than a subservient level of government.

Let's get started. Your operational expenses, Minister Griffiths. Taking a look at your estimates, right from the top line on page 182, item 1.1, the minister's office, I am a little concerned. In 2012 your office had a budget of \$573,000. You spent \$691,000, and now this year you are asking for \$912,000 to run your office. That's a \$339,000 increase. What is going on in the office, Minister? Why such a large increase?

**Mr. Griffiths:** Yes. That's a good question. We have two new positions in our office: our press secretary, that helps with communications with media and members of the public, and we had a special assistant. Housing was moved over and added to the Department of Municipal Affairs. With emergency management, 349 municipalities in the province of Alberta, and all of the housing it overtaxed our office quite a bit with the small contingent that we had, so we added a couple of positions, one to help with the communications and the other one to help with travelling with me. It's because we had such growth in what the department did. I've said before that I sometimes think we need to change the name because being Municipal Affairs gives the impression we deal with the 349 municipalities. It doesn't explain that we have emergency management, we have the libraries, we have all the housing entities. Adding those into the department is what caused some of the need for more staff.

**Mr. Rowe:** All right. Thank you.

Line 1.4, support services. I believe support services covers things like public policy, finance, and information technology experts. You have a \$4.9 million jump in expenses in this area over the last two years in your department. Why that much of an increase there?

**Mr. Griffiths:** That's very technical, and I don't have the answer. Anthony Lemphers is our ADM of finance and can probably answer that very accurately and specifically for you.

10:20

**Mr. Lemphers:** Okay. Thank you. Of the \$4 million increase \$1.1 million was due to the mandated salary settlements for staff; \$0.6 million, so \$600,000, was due to vacancies that were in the 2011-12 year that were filled subsequently; and \$2.4 million was related to the fact that only in 2011-12, when housing and urban affairs was stopped as a ministry and the housing piece came over to us, the corporate piece that came over with the rest of the ministry's budget in order to support Alberta Social Housing Corporation and the rest of that division was only a partial year of costs for that fiscal year. The full fiscal year of costs related to the supportive housing was an extra \$2.4 million. Those three pieces added up to the \$4.1 million increase between the fiscal years.

**Mr. Rowe:** I believe it's \$4.9 million.

**Mr. Lemphers:** Oh, sorry. I was just explaining from '11-12 actual to '12-13 budget. Then from the '12-13 budget to the '13-14 budget estimate the additional increase also was an extra \$824,000 in the next year for mandated salary settlements as well, so people within their salary ranges, salary increases.

**Mr. Rowe:** That's good. Thank you.

**Mr. Griffiths:** Some of those technical increases are because what used to be a stand-alone department of housing moved in, so we take a lot the stuff with us. But I do appreciate the questions.

**Mr. Rowe:** Okay. Line item 2.1, the major legislative projects and strategic planning budget, has grown \$2,378,000 over the last two years. That's a 97 per cent increase. It looks like more – pardon the language – bureaucratic empire building.

Then again, I understand you have a major review of the Municipal Government Act under way. Minister, could you tell me: has your department contracted out for legal services to assist with the MGA review? If so, who are the law firms hired? Did you use a competitive tendering process, or were these firms brought in on a retainer?

**Mr. Griffiths:** Most of the questions don't need to be answered because we haven't contracted out to any independent legal services. From our deputy minister through all of our ADMs and our legal services, I continually say that we have the absolute best department and some fantastic people. I honestly believe we do have the best department and the best people, so we haven't contracted any of that out.

You're right. I think you actually answered some of your own question. We keep saying that the MGA is one of the largest, but I think it's the largest piece of legislation we have in all of government. The engagement necessary and the expertise necessary collectively to do the review, to do the proper consultations to make sure – there aren't just municipalities that are interested in the Municipal Government Act. Industry, business, and members of the public are all interested as well because it will impact them just as much as it will impact municipalities. We also had the municipal sustainability strategy legislation that you see coming forward, the 911 legislation coming forward.

I have many people say to me that I think we've undertaken more in the last two years in Municipal Affairs than has been undertaken in many, many years collectively before. It has taxed our personnel right to the maximum and has required, especially on the legislative side, this section, more resources available to make sure we do a good job of it.

**Mr. Rowe:** Okay. While we're talking about the MGA, if I recall right, it was originally scheduled to be done over a period of about seven years. That time frame is now shortened to about two. How do you see this all coming together in just two years in what was planned for seven?

**Mr. Griffiths:** Yeah. It's still a pretty ambitious timeline. You're right. I believe it was actually six years when I was appointed. The department had originally laid out a plan that we were going to break it into three sections and do each over a two-year period. There was a taxation assessment, there was the governance, and there was the planning and development. The issue and the challenge that I find with that would be continuity, having municipal elected officials change over twice in that six-year time frame, perhaps other ministers of Municipal Affairs. The challenge or question came to me on whether or not we'd have the proper continuity to make sure it would ever get done because it could constantly be put off. It is such a complex document and so critical to the operation of municipalities that it's bound to have some conflict, too, and it could be put off and put off.

I challenged the department to see if we could try and do it within a three-year time frame originally, condense it down to half, so that we could achieve it at least before the next provincial election because that seems to be sort of a timeline. We're going to continue to work on it, and it may be a little bit overly ambitious, but I'd still rather be overly ambitious and make sure we get it done than have it go on forever. That's the balance we're still trying to find.

**Mr. Rowe:** Okay. Thank you.

**Mr. Griffiths:** Mike, do you want clarify KPMG? We did utilize KPMG.

**Mr. Merritt:** Yes. We do have a consultant, but it's not a legal consultant. It's a consultant to help us with the public engagement to make sure that we have the right engagement tools, that we have the right forums and venues for working with the advisory committee and nonelected officials from various associations and business to basically make sure, when we do go out and engage with the public, with the stakeholders, with everyone, that we have the right tools in place not only for face-to-face meetings but for, basically, people to get their points of view online through a website that we'll be creating on the MGA.

The second part of that contract is to deal with change management. When we do have a new MGA, we do want to be able to explain the new MGA to municipalities. The last time – I'm not sure, Bruce, if you were around – it was that we had a new MGA, and municipalities were left on their own, for the most part, to figure it out. We want to be out there on a regional basis to explain what the changes are, how it can be used, and, basically, to somewhat liberate the MGA.

**Mr. Rowe:** So they are in effect, then, on a retainer?

**Mr. Merritt:** There's an RFP process that we followed outlining our expectations: we do want to engage with the public, we're going to have meetings across the province, and basically you need to create tools. They were the competitive successors to that process.

**Mr. Rowe:** All right. Thank you.

Moving along, throughout local government services costs are up. Line item 2.2, municipal services, is up 57 per cent over two years; line item 2.3, grants and education property tax, is up 50 per



cent over two years; and assessment services are up 23 per cent over the two years. What is going on in this division of your department that is increasing costs so extensively?

**Mr. Merritt:** What we've done is reorder the division to meet the needs. We had two branches, assessment services and municipal services. We had to basically make adjustments to deal with issues such as Slave Lake, a huge undertaking, where \$289 million was committed, which fell under the responsibilities of my division. We've undertaken the municipal sustainability strategy for the province, basically engaging municipalities on the viability of the 349 municipalities in the province, so to speak.

In grants and education property tax we are taking a responsibility away from municipalities in regard to MSI, so to speak. Signage was built into the MSI program to be paid for by municipalities. Under this budget here we're changing that to basically undertake that ourselves. We'll be purchasing the signs and providing uniform signs to municipalities under that process. To co-ordinate, get the database in place, and have the staff to do this, it's going to take a little bit of money. That's a good part of the increase in the education property tax.

**Mr. Rowe:** Okay. Thank you.

Number 3, municipal sustainability initiative. Following the budget the Premier had said that municipalities will feel the pain. During the election your party promised to increase funding to municipalities through the MSI initiative. In this budget MSI is frozen, which, in effect, amounts to a decrease given inflation and so on. Your business plan projects \$846 million over the next three years, far lower than municipalities have been anticipating based on your election promises. Both you and the Premier promised not to balance the budget on the backs of municipalities. Well, you haven't exactly balanced the budget on the backs of municipalities; I'll grant you that. But municipalities are certainly carrying part of this budget on their shoulders.

If I recall the schedule when MSI was rolled out, because I was there when it was, a credit to the governing party at that time, it was probably the best funding that municipalities had received. They were told at the time, and I quote: you can take that to bank. That was said by both the Premier at the time as well as your Municipal Affairs minister at the time. To be quite frank, some of those municipalities did actually take that to the bank, and they borrowed on it. Why the broken promise?

**10:30**

**Mr. Griffiths:** Well, actually, I don't think the promise has been broken. The promise was that we would not balance the budget on the backs of municipalities, but if we did continue with the original intent and ramp up spending, it would have had to have come from somewhere. It would have come from health care. It would have come from education. It would have meant fewer schools. It could have meant fewer hospitals. Somewhere the money had to be balanced.

I know I've heard it from municipalities that before I was ever here, it was so easy for the government to balance the books by just cutting all the funding to municipalities first and letting them deal with it because few people in the communities realize exactly what the province and municipalities do when they share resources. So it was easy to cut the funding to municipalities, and then municipalities couldn't provide the services and upgrade their water and sewer or build parks and playgrounds or build new subdivisions or continue to fund the police department in the larger municipalities or continue to fund the fire department in any municipality, and the public would be mad at the municipality. It

didn't matter what they said about the province's cuts to funding. It was the municipality's responsibility.

We don't want to do that because we know that with a growth in population of 100,000 people per year, a population the size of Red Deer, they don't bring the roads and schools and hospitals, which are provided by the province. They don't bring their water and sewer or their parks and playgrounds or recreation facilities or fire departments or anything else that municipalities provide.

So we couldn't meet all of our hopes, but that said, we weren't going to put it all on the backs of municipalities. We did the best we could in a tight fiscal climate, and tough decisions do need to be made somewhere. You know, the province of Alberta doesn't print money, thankfully. From my experience travelling around Alberta, municipalities are very happy that we maintained the commitment that we had originally started last year.

**Mr. Rowe:** Thank you. The commitment made by MSI to begin with should have had those funds ramped up to \$1.4 billion over two years ago, which was long before the bitumen bubble, and that promise was not kept at that time either. Just a point.

Comparing the operating line item 3, municipal sustainability initiative, on page 182 to the capital line item 3, MSI, on page 183, I see that some of your MSI operating was diverted to the MSI capital in the forecast last year, about \$2.8 million. Is it common practice to swap money between capital and operating without bringing it forward to a vote in a supplementary estimate? What was the \$2.8 million used for?

**Mr. Griffiths:** I appreciate that. I don't have a specific list of what it is, but it's not actually a decision made by the province of Alberta. On the switch, the \$50 million MSI operating, six municipalities of a certain size are allowed to move the money from operating in one year to capital if that's what their preference is. The operating is there because some municipalities have challenges collecting enough resource revenue in order to pay their day-to-day bills. We have half a dozen municipalities that don't necessarily need that commitment for operating and can then choose to move it over to capital. It's not a decision made by the province of Alberta. It's made by those individual municipalities on what works best. I don't think we have a list of the projects they chose.

**Mr. Rowe:** No, that's fine. That explains it. Thank you.

**Mr. Griffiths:** You're welcome.

**Mr. Rowe:** Line item 6.5 on page 182 is the tank site remediation program, and those costs are increasing. Meanwhile the capital component of the same program on page 183 is being cut by \$1.1 million. Is the tank site remediation program related at all to brownfields?

**Mr. Griffiths:** No. It's not directly related. I'm not sure what you mean by: is it related to brownfields? It's typically where there were underground petroleum tanks and they've been moved. Now when there's new development, they do environmental testing, and they have to clean up the site.

**Mr. Rowe:** But that's brownfields, is it not?

**Mr. Griffiths:** Right. I guess it is.

**Mr. Rowe:** So that's what it's being used for?

**Mr. Griffiths:** That's why it's called the tank site remediation program. We have no new entrants into the program, so it's the

commitments that have been made already, the applications that went in. We're simply following through to their conclusion right now.

**Mr. Rowe:** Okay. That would probably answer my next question. Does Alberta have more or fewer brownfields from abandoned gas stations now than it did prior to the program?

**Mr. Griffiths:** We'll have fewer because we've remediated some.

**Mr. Rowe:** Thank you for that.

Okay. The \$45,000 raise in operating costs: is that a new employee or wage increases to existing employees? How many employees do you have running that program?

**Mr. Lemphers:** The \$45,000 is just for the manpower increases for the existing staff to manage the sites that are being worked on still.

**Mr. Rowe:** Thank you.

My final question regarding that: are Edmontonians any closer to a final remedy for the contaminated brownfield site on the corner of 82nd, or Whyte, Avenue and 105th Street? If so, when will the fence come down so that development can proceed? This fence has been around there for the 11 years that I was staying at the Varscona Hotel and on the AUMA board.

**Mr. Griffiths:** Yeah. I don't think they're in the program, so I don't have any details. That's the city's. I don't have details about that.

**Mr. Rowe:** All right.

**The Chair:** All right. I'll interrupt you here, Mr. Rowe. Would you like to continue with the back and forth?

**Mr. Rowe:** Yeah.

**The Chair:** All right. Another 20 minutes.

**Mr. Rowe:** Okay. Thank you.

Number 8, the Municipal Government Board: how many applications for dissolution did your department receive over the last three years, and of those how many were accepted and rejected? What are the reasons for rejecting an application for dissolution?

**Mr. Griffiths:** That doesn't fall under the Municipal Government Board. The Municipal Government Board deals with annexations. Dissolutions are a different process. It's completely separate from the Municipal Government Board. I don't know exactly how many we had.

Do you know, Mike?

**Mr. Merritt:** We've had two applications to dissolve, and one did happen. New Norway was dissolved last year. It's a process that either the public can petition for or the council can request the minister to dissolve.

**Mr. Griffiths:** I've never and I don't think any minister previously has denied the application. Before the dissolution process a study would be done on the viability of the community, a very quick assessment, and then there would be a vote held. I don't believe there's a case where the minister has not respected the way the community has voted.

We're moving now to a viability review process, which is intended to get out in front of the request for a dissolution. The

communities can assess their viability and actually work with partnering municipalities, whether it's a county or MD or neighboring towns or villages, whether it's cost sharing or revenue sharing, so that they can find ways to ensure their viability so we can be proactive instead of reactive going forward. It comes down to the vote of the municipality, and as far as I know, it's been respected.

**Mr. Merritt:** There was only one that I recall, and that was about 10 years ago. The vote was 50 per cent plus 1. It was close to an election, and the minister of the day determined that he would not dissolve the community based on the closeness of the vote and the fact that a municipal election was around the corner.

**Mr. Rowe:** Okay. Can you explain to me – I appreciate that Bill 17 is coming, that will deal with those things. The village of Cremona, as I'm sure you are aware, is in my riding. They did a petition with the requisite number of signatures to actually have a dissolution vote. Your ministry ordered them then to do a viability study rather than hold a dissolution vote. What makes that decision? It's only 400 and some-odd people; 165 of them signed the petition. I guess I'll be blunt about it. Why didn't you allow them to have the dissolution vote?

**Mr. Griffiths:** You know, at the end of the viability review there's still a vote. There's still a vote process. We haven't overturned any vote. The dissolution study is not as thorough, not as ongoing, and doesn't involve any other municipal partners. We were moving towards the viability review, which is a more comprehensive, a more thorough process that involves the partnering municipalities in the area. We didn't take away any rights that they aren't already going to have. We just implemented the viability review, what we could, ahead of the legislation to make sure that they got the full benefit of understanding what their situation is. We haven't removed any of the process.

**10:40**

**Mr. Rowe:** I can't say that I fully disagree with that either, but I just wanted clarification on the process. Thank you.

What do you view as the ideal population size to incorporate a village, a town, a city? Do you agree with the numbers laid out in the MGA, or will you be looking at revising these figures as part of the overhaul of the MGA?

**Mr. Griffiths:** That's a philosophical question and a good one actually. I don't have a set number in my mind on what makes a community viable. Ten years ago, when I was tasked with writing the rural development strategy and travelling all over Alberta, we had a lot of discussion about that, about how many people you would need to make sure your community is viable.

There are so many factors that go into it. It's not just about population. It's about commercial enterprise and about industry and about economics. That made it very difficult to answer, so there wasn't a black-and-white number. I remember one of the discussions that we had. People had said – I'll use my hometown simply because I'm there. They said that there were 1,000, 1,500 people in Coronation 30 years ago, and everyone thought that made it viable. What made it viable was the fact that there were 3,000 people that lived in the county around it that went into town to shop, so you had 4,500 people. Now people question, you know, if it's got a thousand. Does that make it not viable? The challenge is that there are only 800 people that live in the surrounding area that go into town to shop.

There's no clear, black-and-white answer, but I'm sure when we're doing the MGA review, some of that discussion will be had,

and I'll encourage it. I mean, we're throwing everything on the table for the MGA review to make sure it's appropriate because it's quite frankly going to govern municipalities and how they operate for an entire generation or perhaps two. If it gets reviewed every 17 years, that's a generation, so we want to make sure that we get it right.

**Mr. Rowe:** Thank you.

That leads to the third question. Will the boundaries of rural municipalities, the counties, and municipal districts need to be redrawn as urban municipalities grow?

**Mr. Griffiths:** Hmm. That's a good question. I can't say. Anybody else want to answer that?

You know what? I don't know. Look; I've said many times before that the boundaries that were drawn for municipalities were drawn over a hundred years ago. We have the Municipal Government Board and the annexation process that helps balance that out so that as municipalities grow or shift, there's an annexation process. Ken may be able to flesh this out a little bit more, but I actually think that the majority of annexation processes are done without having to go to any court process. They're done willingly because municipalities understand the challenges and growth pressures.

It's an exceptional process we have in this province that allows them to redraw their boundaries as they see fit. I don't know if we could do much better to redraw the boundaries and fix all the challenges now because we'll have continuing, ongoing challenges. I think the annexation and the Municipal Government Board process for dealing with those boundary issues is exceptional the way it sits.

**Mr. Rowe:** Along those same lines, do you have any plans to amalgamate summer villages with counties and municipal districts, as the ministers before you have had?

**Mr. Griffiths:** You know what? Between the MGA and the municipal sustainability strategy and MSI and our long-term real estate redevelopment strategy and housing, I have not even considered that. I don't know. I'm sure that might be something that comes up in the discussion in the MGA.

You asked about population size, whether or not a village should go to this population. I'm sure there'll be some discussion that might arise from that because I have heard some issues. I have not contemplated anything like that. My plate is pretty full with some of the big-picture stuff right now.

**Mr. Rowe:** Thank you.

Page 183 under housing. I see that overall your operating budget for housing is down \$6.2 million from last year, and you have cut housing capital programs outright from \$40 million to zero. Does this mean your department is getting out of the business of building social housing? Does this mean you are downloading more responsibility for housing onto the Alberta Social Housing Corporation and the local providers for social housing?

**Mr. Griffiths:** The \$6 million you referred to is the rent supplement decrease, and I just want to clarify that that's not actually a decrease in the number of people receiving rent supplement. The program had applications. It was about \$65 million. So we're still dealing with the people who have the highest priority needs on rent supplement. There's no decrease in the number of clients that we serve with the rent supplement program in that \$6 million decrease.

The rest, the \$40 million you referred to: \$20 million of that came from the federal government, and they have not renewed the program, so that was gone. They have, since this budget was printed, announced that they would be renewing the program for another five years, starting next year, so their \$20 million will be back in the picture after that. We simply moved our \$20 million from a stand-alone program matching theirs into the Alberta Social Housing Corporation because we're rejuvenating the corporation. It deals with seniors' self-contained, affordable housing, the lodge space, and is a tremendous vehicle to lead the long-term real estate redevelopment strategy that we're doing. Our investment in housing, quite frankly, is not declining at all, although it seems to reflect that in the budget numbers.

It's very important to recognize, too, that five years ago we had about \$1.15 billion that was invested in housing over a five-year period. That was supposed to be 12,000 units. It's going to be closer to 13,000 units, which doesn't include the 4,000 that we built before the announcement. We still have 6,300 of those units yet to come online because the grants were awarded for the development, but that's a lot of housing to build in short order. We still have a year or two for that housing to catch up, and in the meantime we're doing the long-term real estate development strategy. So there's still housing coming online over the next few years, whether that line item shows we're spending \$20 million or not.

**Mr. Rowe:** Okay. Thank you.

I see on page 183 line items 10.5 through 10.9. Those totals add up to \$127 million. This transfers nicely to page 191, to the line Transfer from the Department of Municipal Affairs. If you look at the line item Special Needs Housing on page 191, there is a massive \$5 million jump in operational expense. There is also a slight rise in the capital spending to \$190,000. Is this the funding the government of Alberta is going to use to look after all the special-needs residents of the Michener Centre that are being turned out on the street?

**Mr. Griffiths:** Mike, would you clear the record there?

**Mr. Leathwood:** As you pointed out, those line items actually refer to the government's contribution to the Alberta Social Housing Corporation for their operations of the various programs. The increase in money, the \$5 million, actually is an increase to a program that currently exists that also has federal cost share that supports the operations of about 1,600 special-needs housing units. It's actually more of a re-accounting treatment, you know, putting it into the corporation. Before the \$5 million was spent directly out of the department. It's moved into the Alberta Social Housing Corporation, and it goes towards the support of 1,600 special-needs housing units.

**Mr. Rowe:** Okay. I do not see any line item for housing with respect to transfers to local service providers. Are the numbers here strictly for government of Alberta provided social housing?

**Mr. Leathwood:** They are, yeah. The one line item, 10.6, housing providers, \$6.5 million, goes into the Alberta Social Housing Corporation. We also receive in the Alberta Social Housing Corporation contributions from the federal government, and that pays the housing management bodies to operate social housing. So the government contributes money to their operating deficit, the federal government contributes money to the operating deficit, and then it flows it out to the providers. But it's only for government-owned and -supported housing under the Alberta Social Housing Corporation.

**Mr. Rowe:** All right. Thank you.

What is the department's relationship with the Wood Buffalo Housing & Development Corporation, and how much money and in-kind contributions over the past 10 years has the government of Alberta provided WBHDC?

**Mr. Griffiths:** It's a great relationship, just like we have with every other local housing authority.

Do you want to answer that?

**Mr. Leathwood:** Yeah. The Wood Buffalo Housing & Development Corporation actually is a housing management body, but just as importantly, it's a municipal corporation. It's actually a solely owned subsidiary of the municipality of Wood Buffalo. The government has provided capital grant support, transfers of the land, I believe in – we maybe should verify the figure when you add up the . . .

**Mr. Griffiths:** We'll get back on the number.

**Mr. Leathwood:** Yeah. We'll get back on the actual number. But we have made a considerable investment in the Wood Buffalo Housing & Development Corporation over a decade to support them in their efforts to provide social and affordable housing in a growing community like Wood Buffalo in partnership with the municipality. We can confirm the number.

**Mr. Griffiths:** Yeah. We'll get back to you with the ten-year total.

**Mr. Rowe:** All right. Thank you. I'd appreciate that.

**Mr. Griffiths:** You're welcome.

**Mr. Rowe:** A government of Alberta report from 2006 indicated there is an overall housing shortage of about 3,500 to 4,000 units in the regional municipality of Wood Buffalo. What is that housing shortage today in the RMWB? That may lead back to that other question.

10:50

**Mr. Leathwood:** I know that recently in the municipality of Wood Buffalo – we look to local communities to identify what their needs are – they have redone a new study. They're going to forward that on to us, so at that time we'll all know what the latest numbers are.

**Mr. Rowe:** All right. Thank you.

Page 183, capital spending, 2.4, assessment services. Item 2.4 under capital vote by program on page 183 is assessment services, and on page 182 line item 2.4 under operational expense is assessment services. Why is assessment services under both operational and capital spending? Wouldn't it be one or the other?

**Mr. Merritt:** Yeah. The capital side would be the IT side for running the ALPAS system for assessments. They'd be computerized and basically electronic so it can be shared amongst all municipalities in the province.

**Mr. Rowe:** Okay. Item 5, the regional collaboration program. I direct your attention to line item 5 on page 183. What was the \$550,000 in capital spending for the regional collaboration program spent on?

**Mr. Griffiths:** That's a good question.

**Mr. Rowe:** It's \$550,000.

**Mr. Griffiths:** Okay. While Mike's checking, for the regional collaboration program right now \$3 million goes to the Capital Region Board to support its efforts; \$3 million this year goes to the Calgary regional partnership. I'm not sure of the exact number, but a portion of it goes to support the internship program because it's very important, if we're going to build strong communities, that we make sure that we're training young people in an advisory role. We all get elected, but it doesn't necessarily make us experts in our field, but to have administrative personnel – my department is a walking example of how important administrative personnel are in us doing a good job. It's very important to have that internship program continue.

Then the rest of it. There's a cap on how much you can apply for, but it goes to municipalities that are looking for studies that need to be done on enhancing their regional collaboration. With so much more money available in the program, we're going to have to talk about what we can do that's going to be more transformative.

**Mr. Merritt:** Okay. I do have the answer. It was two projects that we funded under the capital side. That's the town of Drayton Valley for airport lighting provisions, and the second was \$250,000 to the Calder Seniors Drop-In Society. Those were two special initiatives under RCP.

**Mr. Rowe:** Okay. Housing capital programs. The budget eliminated the housing capital program totally. How is this going to affect senior citizens' lodges?

**Mr. Leathwood:** Well, as we discussed earlier, the line item there did reflect the government capital grant program. Just very quickly, '11-12 was the final year of the program where we made the commitment of five years towards 11,000 units, and we exceeded that. The following two years we have the federal money. As the minister mentioned, going forward what we're doing is taking that federal money and bringing it into the Alberta Social Housing Corporation. Clearly, one of our priority investments is into seniors' lodges. They are some of the oldest facilities around Alberta. They're vitally important to rural Alberta. I know the minister announced yesterday that we did do an investment in maintenance and renewal, and we're looking at further investments in full-blown replacement and regeneration where it makes sense.

**Mr. Rowe:** Okay. Again, page 185, 911 call centres support. A new line item has been added to your department for the 911 call centres support. Could you break down what the \$7,950,000 will be spent on, and is this related to the 911 cellphone fee legislation recently introduced?

**Mr. Griffiths:** That's exactly what it is. The legislation is coming forward. We have already anticipated that and included it in the budget. Of course, it's not the full year. It's a partial year because we're presuming we're going to get about half the year's value out of the collection. On land lines it's 44 cents that's collected that goes towards supporting 911 call centres. When we collect this, it goes to 911 call centres to support their activities. If you want a more detailed breakdown, we can provide it.

**Mr. Rowe:** Okay. Just further to that, can you tell me why the number in the estimates, \$7,950,000 does not match the \$8,220,000 estimated on the Emergency 911 Act key facts on your department's website?

**Mr. Griffiths:** Anthony is our numbers person. He'll answer that.

**Mr. Lemphers:** The \$270,000 difference between the two numbers is the portion that Treasury Board and Finance is retaining in order to administer and collect that funding. That's the difference.

**Mr. Rowe:** Thank you.

Again on page 185, Alberta Social Housing Corporation – why the almost-double increase in capital funding for the Alberta Social Housing Corporation? How does this relate to the operating funding it receives?

**Mr. Griffiths:** What was that question again?

**Mr. Rowe:** Why the almost-double increase in capital funding?

**The Chair:** Just to interrupt here for a minute again – and you can restate the question – do you want to continue to go back and forth, Mr. Rowe?

**Mr. Rowe:** Yeah. I'm fine.

**The Chair:** I want to commend you. You've done a brilliant job of staying tied to the budget, and I'm really grateful for that.

**Mr. Rowe:** Then you'll forgive me if I stray a little further along?

**The Chair:** No. You're setting a role model for everybody else here. Thank you. Carry on.

**Mr. Rowe:** Thank you. Where was I now? Why the almost-double increase in capital funding for the Alberta Social Housing Corporation, and how does this relate to the operating funding it receives?

**Mr. Leathwood:** Actually that line item is not operating money. It's capital investment money. Within the Alberta Social Housing Corporation we have \$260 million retained earnings sitting in the corporation that has built up over the years like a replacement reserve fund. That's what we're using, matching with the federal money, to invest in priority regeneration renewal, including, as we mentioned, the seniors' lodge portfolio as a priority.

We are targeting to invest that much money in projects, you know, knowing that when you commit the money in one year, it still could take one or two or three years. This is the cash flow that comes out. The source of income comes from cash sitting in the bank account that we're investing back into the existing portfolio. One of the reasons is that, as the minister said, the grant program is over. It's invested, and in the near term we want to focus on some of our own portfolio and use the cash that's sitting there and leverage the resources. That's what that is.

**Mr. Rowe:** Thank you.

Funding to the front-line services. Minister, with this budget your government is asking everyone to find efficiencies in how they operate, and I support that, especially for bodies that are funded by taxpayer dollars. I'm sure you plan to lead by example. Can you please tell the committee what steps have been taken within your department to ensure that funding is provided to front-line services and not towards increased administration costs and bureaucracy? What information and data can Albertans publicly access to find out if they are getting value for their money?

**Mr. Griffiths:** You're exactly right. Our focus is on our staff at the front end that deal with municipalities, that deal with emergency services, that deal with housing because that's what we're about. We are following the example as asked for by our Premier to make sure that we find efficiencies in the middle management

and senior management levels so that we can continue to make sure that the resources are still available at that front line, the staff which are so important to Albertans, that first point of communication. As for particular examples, I don't know. As soon as this budget is passed, I'm firing three of these guys. No, I'm just joking. They just don't know who yet.

We're going through the results-based budgeting process right now, too, to see what sort of efficiencies we can find. We haven't got a report back yet because we're doing part of our department in year 2. So it's starting right now. We've done municipal services, and we're just anticipating the report coming forward very quickly.

You know, I'm a firm believer that from the first person that picks up the phone to make a call to the person at the top who is ultimately responsible should not be more than a couple of layers. We work very diligently to make sure we don't build a bureaucracy balloon in the middle, and every single one of the people who are here assist with that. They know how important it is to make sure of those front-line staff because they are the most critical ones.

11:00

**Mr. Rowe:** Thank you.

One of the promises your government has made is to reduce program and service entanglements between the municipal and provincial levels of government. How many programs are currently in place that are duplicative at these two levels of government?

**Mr. Griffiths:** We've eliminated quite a bit of the red tape already when it comes to MSI, the program that we run. I've had a lot of compliments from municipalities about how we streamlined the paperwork they need to fill out for their grants for operating and for capital, so I'm very proud of that. I'd mentioned that MSI is \$896 million, but collectively all the programs to municipalities are close to \$2 billion. I know the results-based budgeting process that's being done right now is looking at whether or not we can combine some of those and find efficiencies because ultimately we want to get money to municipalities. We can reduce administration costs, reduce red tape, and make sure that we're running it as efficiently as possible.

The Premier's council on the municipal-provincial relationship, that I mentioned before, will be reviewing some of that, too, because I've always emphasized that there's only one taxpayer ultimately. We all collect our revenue from the same place. If we can make sure that on our end we're not duplicating what we're doing and we collectively figure out a way to share revenue, it will reduce a lot of the red tape and overhead, so we're anticipating that.

**Mr. Rowe:** All right. Thank you.

Minister, I'm sure you are aware of the Wildrose 10/10 funding plan, that would ensure stability in long-term planning for communities – I had to get that in – which, by the way, would have delivered \$1.6 billion this year. This plan is simple. Ten per cent of all provincial tax revenues and 10 per cent of any government surplus would be distributed across Alberta's communities based on an equal funding formula. Have you given any consideration to going further than a three-year funding model and legislating a long-term funding formula tied to provincial revenues?

**Mr. Griffiths:** We're always working on that. I don't know. You guys might want to change your 10/10 plan because I don't think municipalities are very excited about going to what you promised, \$1.6 billion, from what is almost \$2 billion currently. I don't think they want to see a \$400 million reduction, from what I've heard.

**Mr. Rowe:** Those are your numbers, not ours.

**Mr. Griffiths:** Well, add up all the programs to municipalities. It's almost \$2 billion.

**Mr. Rowe:** We did not say that we would cut all of the other funding.

Carry on.

**Mr. Griffiths:** Well, you're the one that brought it up. I'm always impressed by how you guys are going to balance the budget, but you're not cutting anything; you're adding more money here and there. That's always impressive.

But, look, the work we're doing right now is on roles and responsibilities. Going forward, the Premier's council on the fiscal relationship between municipalities and the province is going to address a lot of that discussion.

Right now we're continuing to work as a province on our long-term plan so that we don't rely on the royalty roller coaster that we currently sit on. We need to get off that cycle, and it's challenging for the province. You know, when people say, "I want a 20-year secure funding framework," well, so would I. So would our Minister of Finance. We're going to have to do a lot of work to make sure we can get off that so that we have consistent funding, and then we'll be able to deliver that to our partners at the municipal level as well. We're endeavouring to get there.

**Mr. Rowe:** Thank you.

Part of your mandate as a Municipal Affairs minister is to lead the establishment and support for a Premier's council on provincial-municipal fiscal arrangements. In fact, this is priority 1.1 in your department's business plan. How much is it going to cost the taxpayer to establish and maintain this council?

**Mr. Griffiths:** It's not going to begin until after the next election so that we get the consistency, and it helps us address the roles and responsibilities now, before we talk about money. You should see that we're going to do it entirely within existing resources. We're not adding any money.

**Mr. Rowe:** Okay. Why is this necessary? Don't you already engage extensively with those at the municipal level on fiscal arrangements for municipalities?

**Mr. Griffiths:** Yes, we do. But, I mean, we have had papers and reports done by many different organizations, and I think it's time we had an organized, open discussion about this going forward after we deal with the roles and responsibilities. Otherwise, it's always done at different meeting tables, and there's no coordination of the discussion or the policy. People can discuss one form of taxation and show it's inequitable without addressing the other forms of taxation. They talk about municipal funding without addressing the province's revenue challenges, or they talk about provincial funding without talking about municipalities' revenue challenges. This all needs to be formalized in one central location so we don't have these one-offs, and we can come to some formalized conclusion in the end.

**Mr. Rowe:** Okay. I'm assuming you mean a municipal election, not the provincial election, when you say the next election.

**Mr. Griffiths:** Oh. I'm sorry. Yes.

**Mr. Rowe:** Thank you. Yeah. Who do you see would sit on that council?

**Mr. Griffiths:** Paul, my deputy, can go through what we're looking at, but I can tell you that we need some pretty diverse partners on there. I don't think we can intelligently have a discussion if it's just two municipalities in the province. We need to incorporate the public because they're the ones that are going to be paying the taxes, we need to incorporate rural and urban municipalities, we need provincial representation, and we need representation by industry and business, commercial enterprises, as well because they also pay taxes. If we're going to discuss this revenue picture, it's got to be some diverse base like that.

Paul, you might want to flesh that out.

**Mr. Whittaker:** Thank you, Minister. We've had preliminary conversations with AUMA, AAMD and C, the cities of Edmonton and Calgary, a couple of the chambers of commerce to talk about how we might build this out to ensure that we have the kind of feedback we need for building the relationship out into the future.

What we've been talking about is the actual Premier's council itself with elected representation and with the types of people like the current president of the AUMA or the current president of AAMD and C or, you know, potentially the mayors of Edmonton and Calgary as a conceivable option. This is still to be determined. There would be that kind of a body, and then there would be a supportive body underneath of officials at the working level, ourselves and our respective counterparts with the cities, with AUMA, AAMD and C, and so on to ensure that it's a collaborative process. The reason there's no budget line item for it is because it's essentially what we do anyway, so we're going to support this committee. If there are costs, they're going to be minor, associated with paying travel costs for a mayor to travel to Calgary or Edmonton to meet, that kind of thing. Hence, no budget line item.

**Mr. Rowe:** All right. I'd like to talk a little bit about the New Home Buyer Protection Act. Has a new registrar as outlined in the New Home Buyer Protection Act been established? What is the cost or the projected cost of setting up and maintaining the registry?

**Mr. Griffiths:** I'm going to ask Ivan to supplement that.

**Mr. Moore:** That's a good question. You're asking about the registry itself?

**Mr. Rowe:** Yes.

**Mr. Moore:** Yeah. The registry itself is being designed as we speak. The capital outlay that we've budgeted for is up to a maximum of \$4 million that we're just starting to spend this year. It has been delayed in incoming. The ongoing operational budget for maintaining that registry and for running the rest of the program will be funded by a user fee charged for registering a warranted project. The overall budget for the whole program, including the operation of the registry and the support staff and the work with the compliance officers, will be \$2.3 million per year, totally supported by revenue coming in through the front door and the registering of projects.

**Mr. Rowe:** Okay. Has the New Home Buyer Protection Act appeal board been established yet?

**Mr. Griffiths:** No, we haven't yet.

**Mr. Rowe:** All right. Who will sit on that board as well? Who will make up that board?

**Mr. Moore:** The content of that board is going to be established through the regulation process we're developing right now. We haven't identified specific bodies, but in concept we are anticipating that that panel will be comprised of members of industry, members of government.

**Mr. Rowe:** Okay. How long will the terms on those boards be? Has that been established?

*11:10*

**Mr. Moore:** No, it has not. We're in the process right now of consulting with industry and with associations on building the regulatory frameworks to support the statutory implementation. So those are under development right now.

**Mr. Rowe:** Okay. Thank you.

**Mr. Griffiths:** It will follow the principles of the agencies, boards, and commissions legislation.

**Mr. Rowe:** One more question on that. The fines that can be issued under the act go into general revenues. Has any consideration been given to directing these fines to improve the industry or aid homeowners who have been affected by shoddy construction?

**Mr. Moore:** We haven't addressed that, but that's something we should deal with as we're going through the regulatory process. Thank you.

**Mr. Rowe:** All right. Thank you.

**Mr. Griffiths:** Yeah. Paul has got a good point. We anticipate, we hope, that when this comes forward, I think we'll see a drastic reduction, that there won't be any fines. Our intent in bringing this forward is to get rid of shoddy builders. They'll have to go somewhere else and practise, the shoddy tradesmen.

**Mr. Rowe:** Good luck with that, Minister.  
Madam Chair, how are we doing for time?

**The Chair:** You have six minutes left, Mr. Rowe.

**Mr. Rowe:** Okay. Let's talk a little bit about city charters, or civic charters as you're wanting to call them.

**Mr. Griffiths:** I've gone to just charters.

**Mr. Rowe:** Okay. In June 2012 both Calgary and Edmonton signed a memorandum of understanding that confirms their commitment to develop a big-city charter to help meet the challenges of urban growth. Legislation will be developed at least in draft form by spring of 2013. Are the charters about taxation and being able to grant the cities more revenue, or is it about roles and responsibilities and delivering services?

**Mr. Griffiths:** The latter. It's about roles and responsibilities. You know what? Actually, I don't think it's specifically about either. The idea about a charter is about the relationship between our largest municipalities that have the capacity to handle and the need to handle issues that are very unique to them. I always go straight to housing and homelessness. It's a challenge that's most unique and most acute within the large metropolitan centres. They have an issue to address. Well, the charter is not about even revenue or about roles. It's understanding that it's a shared responsibility that we have with municipalities.

Then the bigger context of the charter is: how do we deal with it together so that we get the best value out of taxpayers' dollars and we address this issue collectively? Even questions on if the federal government was to step in. What's the relationship between the province and the cities in addressing the challenges with the federal? Who sits at the table? How do we negotiate? How do we flow the money through?

The charter collectively in my mind is about better clarifying the relationship between those municipalities and the province so that we can fix these problems and they don't become territorial or anyplace where we just pass, you know, from the province to the municipality and back and forth. That's ultimately what the charter is about.

**Mr. Rowe:** Okay. You mentioned roles and responsibilities. That takes me back to my AUMA board days. I don't know whether you remember; maybe Michael does. The three Rs of the AUMA board were roles, responsibility, and resources. Somehow or another that resources always gets left out of the equation. It's never been part of the whole program. I'm not sure what you feel about that, Minister, but I think that that is a key part of performing those roles and responsibilities.

**Mr. Griffiths:** I agree. You know, I've said that we need to discuss roles and responsibilities, and then we need to discuss the resources. There is no point in discussing roles and responsibilities and getting it worked out if you're not going to discuss resources after because it's an exercise in futility. You can take on all the roles and responsibilities that you want. If you don't have the resources to meet those responsibilities, what was the point in having the discussion? If you start out the discussion about resources, it becomes a battle over money, and you haven't decided who's going to do what and how you're going to work together better. It's been a very fine line to walk. I've always said roles and responsibilities and then resources. You can't have roles and responsibilities and ignore the resources, but you can't deal with the resources first.

We will get there. If I accomplish one thing in this ministry, it's to get that project done so that we can move forward. I want to ensure in our municipalities in the province, whether it's through the charter or through the MGA or the municipal sustainability strategy or any other of the projects that we're working on, that ultimately everyone believes that we are set for a new generation of building strong communities.

**Mr. Rowe:** Thank you.

I'm hearing that smaller cities like Red Deer, Grande Prairie, and Lethbridge want charters also. My understanding was that these charters were to be ready for legislation this spring. Now I'm hearing that they'll be ready before the fall elections. Will Calgary and Edmonton have to settle for something less than what they need in order to appease the smaller cities in the province? I'll let you address that first.

**Mr. Griffiths:** Thank you. Well, that's why I've always said that it's a civic charter. My notion was always that municipalities grow and increase their capacity to handle issues, and if they willingly want to take on new responsibility, then they shouldn't be exempt from the discussion. I'm not going to create two tiers of municipalities, where you have one with special privileges and no one else has access. The idea is to create a platform for the relationship, and any municipality that wants to take on and has the capacity to take on new responsibilities can do so.

I anticipated we could have the charter ready for the spring. We're making incredible progress. I'm still committed to having it done before the municipal elections in the fall. But I've never said

that it was going to be legislation. It's hard to legislate responsibility. The city of Edmonton and the city of Calgary, I believe, have legislative charters that created them, but to me the charter is about our relationship. I anticipate that it may mean changes in the Local Authorities Election Act and the MGA in pieces of legislation, but one stand-alone piece of legislation I don't think is going to be adequate since 90 per cent of this is going to be about relationships. You can't legislate good relationships. To me the charter itself may still ultimately be a memorandum of understanding of pieces of legislation that will be changed. But we'll see going forward.

**Mr. Rowe:** Okay. With that in mind, then, does this mean the charters will be cookie cutter as opposed to custom made per municipality?

**Mr. Griffiths:** So far there's been no point where . . .

**The Chair:** We'll have to leave it there. I'm sure others will ask the question.

Thank you very much, Mr. Rowe.

Again, excellent questions – I really appreciate it – from the committee.

I was going to offer up a break here, but if the minister is okay, we have 42 minutes left, which is exactly enough time for both the Liberal and the NDP caucus to ask their questions.

With that, Ms Blakeman, would you like to go back and forth?

**Ms Blakeman:** Yes. Thank you.

Thanks very much, Minister. Thanks for bringing your staff. That's always helpful to all of us. And thanks for actually answering the questions. We really appreciate that. It's a little rare, so thank you for setting an example for your colleagues.

I'm going to start with goal 1.7 on page 58 and vote 2.3 on pages 182 and 183, which I believe is where I'm going to find the linear and industrial assessments. If I'm wrong, feel free to correct me.

**Mr. Whittaker:** Sorry. Which one? I didn't catch that.

**Ms Blakeman:** Goal 1.7, which appears on page 58: "Promote an assessment and property tax system that is accurate, predictable, fair and transparent." I'd be double-underlining the fair part. It also appears, I believe, under vote 2.3 on pages 182 and 183. That's the capital and the operating sections, 2.3 being grants and education property tax, which is I believe where this sits.

I have, no surprise to the minister, raised this issue quite a bit because I think that there is a remarkable gap in the distribution of this particular revenue stream. For anybody that doesn't know what this is, it's essentially linear railways, cogeneration, machinery, and equipment. Generally speaking, it can be levied by municipalities and municipal districts and counties, but as I've shown, the municipal districts and counties are really benefiting.

In 2011 according to the government's own numbers we've got 83 per cent of the people living in an urban setting – and by that, I mean villages, towns, and cities – but according to the minister's own numbers the MDs and counties are getting 98 per cent of this assessment. So I would like to see what policy changes are going to be coming to realign this or to minimize the disparities that there are between the municipalities and MDs and counties.

If I may be a bit cheeky, Mr. Minister, if you'd just turn to your right, you will see some of my latte-sipping constituents in their condominiums, so we're all watching you. Okay. Sorry. It was cheeky – I know – but I couldn't resist it in the fabulous constituency of Edmonton-Centre.

11:20

**Mr. Griffiths:** I would have been disappointed if you hadn't.

Well, I'm glad you pointed out some of that. Initiative 1.7: "Promote an assessment and property tax system that is accurate, predictable, fair and transparent by conducting assessment audits." We conduct the audits, and if you read the full line, we are supposed to make sure the audits are fair and transparent, not that the distribution of the resources that come from the assessments is fair.

Now, over the long term I understand 98 per cent of the linear assessment goes to the rural municipalities while 83 per cent of the population of the province, as you said, lives in urbanized settings, even if it's villages and towns and that. The challenge with simply looking at that number is that it doesn't take into account – and we've presented some ministerial awards to municipalities who have come up with agreements on how they're going to in some cases share revenue and in some cases share costs. So though counties and MDs in many cases do have that revenue, there are a lot of agreements between those rural municipalities where they share the revenue or they share the costs associated with the urban centres. And we don't even know about all the examples; we just know about some of them that we get to celebrate. So it's not black and white that they keep the money. In many cases they share it, and the way they share that revenue could be incredibly extensive.

At the Premier's council on provincial-municipal fiscal arrangements I know this will be raised as an issue. AUMA's CLEA report I know will be fed into that, and it will be a discussion. I anticipate we'll have a very good and vigorous discussion at that time with all partners at the table. I know that many rural municipalities will come forward explaining and demonstrating how they're sharing revenue or sharing the costs with their urban colleagues. So the information will continue to flesh out.

**Ms Blakeman:** Well, yeah. I have a couple of points on that one. From my investigations of this and talking to people that are involved in this, there are two points. The minister is fond of saying, "Well, they should all work it out," to which I say, "Uh-huh." If somebody is holding the pot of gold, what incentive is there for them to turn around and dig, you know, 70 per cent of it out and hand it over to someone? Absolutely none. There's no incentive whatsoever there for them to give up that share of the money.

The second thing is the gifts or agreements that you just referenced between some of these rural areas and the municipalities that are inside of them or around them. Those are not enforceable. They are agreements, and in some cases they're held over the urbanized centres as a scimitar. You know: you cooperate or we're going to take our gift – and there are quotation marks around that word, *Hansard* – back. There's nothing in the MGA that's enforcing that right now. It's lovely that they're cooperating, but if they decide not to, tough beans. The local urbanized area doesn't get any of it. That's the kind of thing I'm looking for the government to provide.

You know, the minister referenced something, and I carefully wrote it down and then, of course, can't find it. It was something about, well, in the charter, something, something. I mean, the truth of the matter is that in the federal Constitution that we now have, the rules are there. Oh, it was that you can't legislate relationships. The rules are there to allow the process to proceed but to make sure that those relationships proceed in an equitable and fair way. So I think there needs to be some kind of legislation that is



available for those urbanized areas to use if they need it. Hopefully, they don't. So that's what I'm looking to see, whether the minister is moving in that direction.

**Mr. Griffiths:** Well, we're doing the very extensive review of the Municipal Government Act, and we have the Premier's council coming up. Like I said, I know there'll be some discussions, and I think it needs to work through that process. I'm not about to say that I know best and legislate something now. I really think we need to have everyone at the table and have the discussion. I know you said that the person who holds the pot of gold has no incentive whatsoever to show up at the table, but I can tell you how I've seen municipalities where the urban centre has said: look, you guys don't contribute to the recreation, so we have a separate fee for those of you who live outside of the town boundaries. So both hold the hammer.

I have yet to find a single person in the province that says that they're from the county or the MD when I've asked: where are you from? Everyone identifies with a community. I've been constantly delivering the message that you've got to focus on building stronger communities. I've said and am glad to say it in *Hansard* that I don't give a damn about municipalities and legislative boundaries that were drawn a hundred years ago. I care about communities, and so should every single other elected official from every single municipality.

We're finding that more and more. I mean, I don't want to name any names, but I've got four municipalities I can think of off the top of my head where they have revenue-sharing agreements, where they're not just sharing the CLEA, the linear assessment; they're actually sharing their MSI because they don't know what they're going to do with it and realize it needs to go into building communities because everyone in that municipality still goes into the community to do their shopping and go to school and go to church and do their recreation and everything else. So there are reasons why they would come to the table.

There are still – you're right – bad players that say, "I'm not sharing," and you get these battles. You can't legislate good behaviour. I'm not about to legislate single-handedly to say: good behaviour. But when we have the bigger discussion about CLEA and about commercial taxes and about property taxes and about income tax and about all the other . . .

**Ms Blakeman:** Do you think this is going to come out of the discussion as the review of the MGA goes forward?

**Mr. Griffiths:** I think it will fit into the discussion. You know, we do have the \$20 million added into the regional collaboration program, which will only be available to municipalities that come together in partnerships. The rest will be out of luck. So we're incenting more regional collaboration and willing partnerships going forward. All of this won't be . . .

**Ms Blakeman:** I'm sorry. But the \$20 million is a drop in the bucket according to the money that some of them are making every year. I'm going to cut you off a bit and move on. I'm sorry. I only have 20 minutes.

**Mr. Griffiths:** Yeah. I understand.

**Ms Blakeman:** It's under goal 1.2 on page 57 and vote 3 on pages 182 and 183. Back to the concern that's been raised by my predecessor here around the money that was promised during the election, I mean, you've sort of dismissed that and said: well, the promises that are made after the election are more important. But people voted for you because, you know, your party promised

certain things, and one of those promises was that the MSI would not only be brought to the point it was supposed to be – that was a Stelmach government promise of \$1.4 billion – but it would be raised to \$1.6 billion, and in fact we're at just under \$900 million at this point. So we're nowhere near.

Municipalities borrowed money based on this because they were told: take it to the bank. And they did. Now you've got some municipalities that borrowed money for mass transit, and they're going to be out. They're going to wear that extra money that they borrowed based on what they were told. Is there anything else that's going to come out of what you have here that is going to be able to assist them long term? That's now long-term debt for that same taxpayer. In particular, here in the city of Edmonton, which I happen to know did borrow the money and go ahead with the LRT, we are now stuck paying more money than we thought we were going to because the government has reneged on a promise. Can we expect something that is going to make up for this in the future?

**Mr. Griffiths:** Well, we're going to continue to try to support MSI and put more resources into it.

I humbly disagree that any municipality went out and borrowed based on a 28-day campaign where we said we were going to go to \$1.6 billion because we didn't even lay out a timeline when we were going to do that. But I do agree that municipalities going forward saw increases in MSI. They're allowed to borrow against it up to 75 per cent, and when you stretch it out longer, they wind up paying interest on that, and now the interest is eligible under MSI. So I know they have some challenges.

You know, the promise is still there to up the commitment because I know municipalities' infrastructure challenges aren't going to go away. I mean, in October this bitumen bubble was very real. Anyone who says it isn't is ignoring the federal government announcing that they lost \$8 billion in a matter of weeks, suddenly, with the change in the bitumen. They called back their session to redebate their budget because of it. Saskatchewan has said they had the same challenges. So you can make promises that have to be interpreted in the reality of the day and the current fiscal situation.

**11:30**

There are Albertans out there that said: you'd better be careful about what you're spending. There are Albertans out there that said: oh, just cut \$6 billion. I mean, there are some members at this table who would have us cut even more money out of the budget. But there are other Albertans that say: well, don't cut too much because we still have commitments we need to meet in health care and education. It's about being practical for the moment that we have.

**Ms Blakeman:** Okay. You and I are going to have to disagree, I think.

Moving on to the charter issue, I've listened to the discussion that you had, and the additional questions that I've given. One, what is the transformational change? You keep using that word. This is more than fairy dust. What is it that you are driving towards? What do you mean by transformational? Secondly, I'm now having to ask: are you actually anticipating and moving toward an Edmonton city charter, a Calgary city charter, or are we going to have some sort of no-name charter that anybody can move into?

**Mr. Griffiths:** Well, transformational change is some of the stuff that we're doing. It's not fairy dust; it's very real. It's the municipal sustainability strategy, that's encouraging municipalities to partner

with neighbouring municipalities and find out what they're going to do to be viable over the long run instead of being reactive, to start to think about the next 20 years and not about next year's budget.

It's hard for me to identify exactly what's going to be transformational about the MGA since we're just beginning the discussion, but it's meant to recognize that municipalities are very mature, have some tremendous capacity, and need the ability to build for the next 20 years that's not based on what they were capable of doing in 1980, when the charter was put together.

The discussions that we have had at the administrative level and the charter that we've been working on don't single out Edmonton or Calgary. They haven't actually identified – and I know we're still having the discussions with them, so I don't want to pre-empt or put words in their mouths – something that makes it so that Edmonton needs a charter all on their own, different from what Calgary would have as a charter. Everything we're talking about is about the relationship and the responsibilities we share collectively and how we're going to work together, which hasn't actually singled out either of those two.

**Ms Blakeman:** Okay. Can I ask, then, if it is expected that a city charter or a big-city charter that both of them would be signing onto will sit parallel to the MGA?

**Mr. Griffiths:** I've made no commitment to that.

**Ms Blakeman:** They're not going to still be sitting underneath the MGA with this. Does the agreement take them outside of the MGA, and they sit parallel rather than under, as in subservient?

**Mr. Griffiths:** I'm not sure why that would be necessary. The charter deals with our relationship. I'm very much opposed to creating classes of municipalities that say that one falls under one piece of legislation and the rest fall under another. The MGA is the overarching document that governs all municipalities. It gives right of natural person powers to municipalities. When we're done writing this, it is going to give so much authority to municipalities to govern by their own abilities. The charter is going to deal with some specific issues for anyone who wants to take on new responsibilities, what kind of relationship they're going to have with the province. I still think that the charter is a component of the MGA, not a stand-alone piece of legislation.

**Ms Blakeman:** Okay. Moving on to housing, goal 3.1 and vote 10 on page 183. Where does the government expect housing options as in low rent or affordable purchase – now, you don't cover affordable purchase, but let's talk low rent – to come from if the government is kind of sliding away from that? When I look at the fact that the money for the safe and caring communities has been eliminated and we've got a Premier talking about eliminating child poverty, those two things really connect to a housing issue, yet we're seeing less housing by quite a bit being allocated here. I think it's, like, \$300 million less. How do you square that circle?

**Mr. Griffiths:** I know if you just look in this year's budget, it looks like less, but we still have 6,300 units that have been paid for that are still coming online. We have new inventory coming online for the next three years. This is an opportunity for the province to catch its breath and make sure that what we're doing is still going to meet the challenges communities and individuals have with affordable housing and focus some of our efforts on the Alberta Social Housing Corporation's investment in the long-term real estate strategy. There are still 6,300 units yet to come online. That's why we've moved from that \$40 million that was in last year's line item. The feds took their \$20 million, and we've

moved ours into the Alberta Social Housing Corporation. We're still doing it; it's just not in that particular line item.

**Ms Blakeman:** Okay. Vote 10.8, around the seniors' lodges: what exactly are you doing there? Are you rebuilding or bringing in the long-term maintenance on the seniors' lodges, or are you rebuilding them to fulfill a different mandate or purpose? What I'm trying to get at here is that lodges provide a very particular level of care in a very particular site environment. Is the expectation that the building will be maintained or brought up to grade and would then be used by the community or even sold to private providers and be used for assisted living or supportive living? In other words, it would change the function of it.

**Mr. Griffiths:** That's the long-term real estate strategy. We're going to be doing all of the stuff that you said. It depends on the facility. We've got some lodges that need an investment because they're 15 years old, and there are opportunities to expand them or invest to improve the way they operate and to upgrade them. But there are some facilities, frankly, that have been built and sit on land that we own, but the rooms are 180 square feet, and there's no bathroom. They don't meet the needs of seniors today or what their expectations are going to be. There are opportunities to repurpose those facilities or perhaps tear them down and utilize the land that we have to build something that meets the new health requirements that can help integrate lodge and assisted living. So we're doing just about all of that.

**The Chair:** Thank you, Ms Blakeman. Again, I'm going to note the constructive nature of your questions. I was really impressed by the constructive conversation between the two of you. Thank you.

Mr. Bilous, you've got 20 minutes. Do you want to go back and forth with the minister?

**Mr. Bilous:** I do, Madam Chair.

**The Chair:** Thank you.

**Mr. Bilous:** Just at the onset I'd like to clarify that if I interrupt you in your answers, it's not to be rude. It's, again, similar to the Member for Edmonton-Centre. There are quite a few things I'd like to cover, topics, in a very short period of time.

**Mr. Griffiths:** Okay.

**Mr. Bilous:** I just wanted to start off by highlighting a few relevant facts, and then I'll jump into specifics. I'll start off by acknowledging or recognizing the fact that municipalities provide the bulk of core services that Albertans depend on, yet in the grand scheme of funding formulas they only receive about 10 cents on the tax dollar. So that in itself puts them already in quite a difficult position.

To begin, I want to address some of the comments you've already made. You frequently have said: no us versus them. However, many municipal dollars come in the form of grants, and grants have their own problems from the fact that it's a lottery system, and it does create competition but competition between municipalities. If anything, it's not us versus them; it's them versus them, which, again, I find a challenge.

You've talked about continuity, right? As far as the review of the MGA and wanting it to extend, the initial logic behind this six-year review or the shortening from six years is that you didn't want municipalities to go over two turnovers, or two elections, so there is some continuity. I just wanted to raise the point that that

exact argument has been made by municipalities regarding funding. So I find it interesting that you acknowledge that there needs to be continuity when we're talking about the MGA, yet municipalities often talk about the challenges they face to build especially larger infrastructure projects when their funding is cyclical and is quite variable.

**11:40**

I can appreciate that the purpose of the MSI – and I'll talk about this a little bit further – was to give some stability to funding. However, a couple of points need to be illustrated. In some municipalities, like the city of Edmonton, what was promised for MSI and what's been delivered are two different numbers. It's been significantly less than what was originally delivered or promised to be delivered.

The other thing is, again, you know, that this year's MSI is holding the line, but when we look at inflation/population growth for 2013, according to the government's numbers it's about 4.3 per cent. Keeping MSI funding at \$896 million is, in fact, a cut, which municipalities have to work within.

The only other piece before I launch into questions – and I appreciate your patience. You mentioned to one of the members the issue of revenue and the fact that, you know, we don't have an unlimited supply of money and that choices have to be made. Just to comment on that, those are direct choices that the government, your government, makes as far as the revenues that come in, whether it's through taxes, through royalties on our natural resources. A New Democrat government would have a very different-looking budget, which would be balanced but wouldn't be gouging areas and communities like municipalities. I just wanted to point that out.

I'm going to start with the safe communities innovation fund, or SCIF. It was very frustrating or disheartening to see that that program is now cut. You know, again I want to point out that one of the aspects, I think, that made SCIF so important is that it really focused on community partnerships and focused on prevention as far as reducing crime.

I'll ask three questions, and then I'll give the opportunity to answer. How has Municipal Affairs participated in any ideas for offering more permanent funding to the pilot projects whose funding ends this year? On that, you know, the frustration that I hear from communities is that you've got funding that goes to these pilot projects. They become rooted in a community. The community works with them, becomes dependent on them, and then the government ups and ends the pilot funding, so that project is now gone. I think it's not only unsustainable, but you've got people who are depending on either programs or projects that come in, start to transform lives, and then disappear. That's very disruptive for a lot of different communities.

Has this department or the department of Justice been involved in evaluating any of the 88 pilot projects to assess whether continuing the funding would have been worth while?

**Mr. Griffiths:** That's not Municipal Affairs.

**Mr. Bilous:** Okay. Right. After all of that.

**Mr. Griffiths:** I mean, come on. You're asking me a question about Justice. We don't have any role in the SafeCom grant or the projects. I know that the nature of calling them pilot projects is that they're trials. I know that if they become dependent on them, if it's not there with permanent long-term funding, then there's a communications issue, perhaps, but SafeCom doesn't fall under Municipal Affairs.

We are already taxed with the Municipal Government Act review, with the municipal sustainability strategy, with working on MSI, with the long-term real estate development strategy, with emergency services, with all the other stuff that we do, so we don't typically go around spending money that we think should go to municipalities for their work because we provide them with MSI funding. We don't take that and spend it on stuff that has nothing to do with Municipal Affairs, so I can't answer that.

**Mr. Bilous:** Okay. I mean, anyway, I appreciate the answer. However, safe communities, I believe, does have quite a lot to do with municipalities.

**Mr. Griffiths:** But it doesn't fall under Municipal Affairs.

**Mr. Bilous:** I appreciate that.

**The Chair:** We have to stay with the budget.

**Mr. Bilous:** Looking at MSI, last year in budget estimates you talked about the son of MSI, or the spawn of MSI. So what exactly is the spawn of MSI?

**Mr. Griffiths:** Well, my point to municipalities was that – I'll say it again – the population of this province grows by about 100,000 people every single year, so the roads and schools and hospitals that those people need don't get brought here. We have to provide that as a province. Municipalities have the exact same infrastructure challenges with that population growth. The people don't show up with their water, waste water, their sidewalks at their new subdivisions, their fire departments, police, or any of that stuff, so they continue to have infrastructure challenges.

The original commitment in MSI, when it began in 2007, was for 10 years, which meant that it was supposed to end in 2017. I've had many municipalities ask me, "So what happens? Does it end? Will it run out?" and I have said that we'll have to come up with either an extension of MSI or something else because those problems are not going to go away. Those challenges municipalities have are not going to go away. They don't, I believe, have to worry about the program ending in 2017, because the problems aren't going to go away.

**Mr. Bilous:** To clarify, I thought I had read that you stated that MSI is being replaced or phased out.

**Mr. Griffiths:** No. I simply meant that what happens after MSI is gone, whether you have the son of MSI or the spawn of MSI, whatever you want to call it, or it carries on being MSI and it's extended out to, I don't know, 2021, 2046, '36, '30 – I don't care. The problems are not going to go away, so municipalities I don't think need to worry that that funding is going to disappear. If anything, as I indicated before, they require more funding because the challenges are getting more acute, not less acute.

**Mr. Bilous:** Absolutely. In your numbers what is the current infrastructure deficit for municipalities in Alberta?

**Mr. Griffiths:** Actually, we've heard so many different numbers. We're working to put something together so that we can actually assess the real infrastructure deficit that municipalities face, but I don't have a number for you. I've heard a range of numbers that is probably extremely exaggerated on both sides. We want to get an accurate assessment, so we're putting together a plan right now, which I think we may wind up incorporating into the viability review process so that municipalities, when they're assessing their viability, have an inventory of their infrastructure and what the

deficit may be. But it needs to be accurate. I don't think anybody has a fully accurate assessment that isn't politicized in some way.

**Mr. Bilous:** Okay. The latest figure that I've read from AUMA is about \$24 billion in infrastructure deficit, which is significant. Again, you know, if the province is not willing to step up to the plate, then our infrastructure is going to continue to crumble, and downloading responsibilities onto municipalities will not work unless, obviously, they have the revenue and the support to be able to handle that.

I want to jump to big-city charters. On June 18, 2012, you signed an MOU between the city of Edmonton, the city of Calgary, and the province. You know, I find it interesting that we're already passing most of our timelines that were signed on. This spring you were supposed to present a solution to the Legislature, or at least that's what was signed. Because we're nowhere near the timeline set out in the MOU, can you elaborate or explain to the committee why we've missed several timelines?

**Mr. Griffiths:** The snow might be an indication, with the grass turning and stuff, but it's still spring, so it's inaccurate to say that we're way off our timelines because we're in the midst of the timelines.

**Mr. Bilous:** Okay. Would you say, then, that you've developed a solution, as was signed between October 2012 and February 2013? That's when the agreement was made.

**Mr. Griffiths:** We're still in negotiations. The timeline is projected out. The commitment is still to finish this before the municipal elections in the fall. We're still well on the way. We have a lot of vigorous discussions going on.

**Mr. Bilous:** Just to clarify, Mr. Minister, you're committing to having the big-city charters drafted by the fall of this year?

**Mr. Griffiths:** Let's clarify that again: drafted. We have a draft of what the charter looks like now, which we're working with municipalities on. Don't presume that drafting means one particular piece of legislation that's going to be all encompassing. The charter is about the relationship between the province and municipalities and what we're going to do, how we're going to work better going forward, which may mean changes to several pieces of legislation and another memorandum of understanding or some combination of that.

**11:50**

This is an evolving document. I can tell you that with every example of a charter that we've looked at all across North America, there aren't two that are alike. So this is a process going through where we haven't formalized what the commitment at the end is going to be or what it's even going to look like. That's why we're continuing the negotiations going forward and the discussions about how we can be most effective together.

**Mr. Bilous:** Right. You spoke a little bit earlier about the regional co-operation funding and how the government is trying to encourage municipalities to co-operate. A question. Let's say that there's an MD that does not wish to co-operate with a municipality within its area either because of the dollars that they get from linear revenues or because they choose not to. If the dollars are dependent on municipalities co-operating and you have one that refuses to co-operate, will that not punish the others that are trying to come to the table and work out some kind of deal?

**Mr. Griffiths:** You know, that's incredibly speculative. What are you going to do if nothing works? When you talk about partnerships, municipalities come together to collaborate. You're making a presumption that there's a set parameter, and these ones are the ones that need to collaborate. It's about willing partners at the table. If one doesn't want to co-operate and wants to walk off into the wilderness by itself, so be it. There are still plenty of other opportunities for other municipalities to collaborate. Otherwise, it's just speculative. What are you going to do if it doesn't work? I guess if someone walks off into the wilderness, so be it. The rest will come together and work together.

**Mr. Bilous:** Well, I'm hoping that there is a plan B. I mean, as it stands right now, my understanding from speaking to several different mayors and councils around the province is that there is a competition that is set up either trying to attract industry or where you've got industry being attracted to one side of a boundary or another because of the incentives that one municipality can offer over another.

**Mr. Griffiths:** Yeah. There's going to be some competition. This isn't Star Trek. I mean, this is reality. Municipalities do compete. I hope that they come together with intermunicipal development agreements so that they can work collaboratively, but if they refuse to, there probably is going to be some competition. You can't have it both ways. You can't say: "What if a municipality refuses to co-operate? Are you going to force them to co-operate?" and then say, "Well, we need a charter that's going to respect municipalities." You can't say: respect them and give them more power but then force them to work together. You can't have it both ways, so we try and find the balance that allows municipalities that respect and incents better behaviour so that they work together. That's the position of this department and myself.

**Mr. Bilous:** Right. Well, my frustration, at least from what I'm hearing from municipalities, is that they're not all equal and that they are in different positions depending on whether we're talking about revenue, whether we're talking about services that they provide, weight that's put on them. I can appreciate that this is part of the reason why the MGA is being reviewed, and that's fine. But I think part of it is that revenue and revenue streams need to be addressed. You have, especially, urban municipalities that have and provide certain services and programs that folks from outlying municipalities or townships or wherever come in to use, yet at the same time because of their very limited revenue streams of property taxes for the most part, they don't draw revenue from those folks that are using a lot of their services.

**Mr. Griffiths:** I know. I have yet to find a municipality, actually any political jurisdiction, that says that they have enough money. They're all facing challenges. But you said that it's a challenge because it's not equal amongst municipalities. Well, equal doesn't necessarily mean fair either. The same challenge goes across Canada about whether it's equal or whether it's fair. Alberta has more revenue than other jurisdictions, but we also have the greatest population growth and the most infrastructure challenges, so it's never going to be perfect. Making it equal isn't necessarily the best way to address it either. It's about trying to find the fair amount. Again, I have yet to find any political jurisdiction that says: "Hey, we've got enough money. We don't need any more." Everybody has infrastructure challenges.

**Mr. Bilous:** This is the exact point that you're confirming, the position the city of Edmonton, the city of Calgary are in because

they aren't equal to all other municipalities across the province. In fact – and I'm sure this is not news to you – 51 per cent of Albertans live in the cities of Edmonton and Calgary, which is significant. Yet, again, they're not given not just the responsibilities but the authority to either enact legislation or bring in revenue to meet their needs. They are very, very unique, which, again going back to the big-city charters, is part of the reason that they were asking for them. So I find it challenging that you want to treat all 350 municipalities the exact same even though, I think, there are great differences between a city of 1 million and hamlet of 50 people.

**Mr. Griffiths:** I'm not saying that at all. I've never said that. There are 349 municipalities. I don't treat them the same; I treat them with respect. I try and make sure that we have an open discussion so that we can all have what we need, which is why we're talking about roles and responsibilities through the MGA, the municipal sustainability strategy. We have revenue sources in MSI. But we're going to have the bigger discussion after the municipal election with the Premier's council on the municipal-provincial fiscal relationship, which will help address some of that, but I'm not about to presume that it's so inequitable, that it's so lopsided.

If you travel outside of Edmonton, you'll recognize that they have unique challenges, but so does every other municipality in this province. You don't sacrifice the rest of them for one any more than you sacrifice one for the rest of them. This is about a long-term strategy to make sure every single community in this province is prosperous going forward.

**Mr. Bilous:** I'm not saying that you sacrifice one for another. What I'm saying is about recognizing the distinct and unique role that the two largest cities in this province play and, again, ensuring that they've got the tools and resources available to provide the programs and services that Albertans rely on.

**Mr. Griffiths:** That's why we're discussing the charter, and it's going to be very critical, but that's why I also will not make the charter an Edmonton charter or a Calgary charter or a charter just for Edmonton and Calgary. Lethbridge has unique challenges, too. Fort McMurray has unique challenges, too. Every single one of them has unique challenges, and it's about whether or not they have the capacity to accept new responsibilities and then know the resources that are going to go along with those to meet those responsibilities, which is why it's about a charter and it's about the relationship between the province and those other municipalities that want to take on new responsibilities.

How we're going to formalize a relationship between our

departments and the municipalities, where they're going to be involved when it comes to negotiations with the federal government on programs like the building Canada fund: those sorts of things aren't going to be in legislation, but they're critical to a charter.

**The Chair:** Thank you, Mr. Minister, and thank you, Mr. Bilous.

We've got two minutes left, and I'm going to allow the PC caucus to start for two minutes.

Mr. Casey.

**Mr. Casey:** Thank you. Well, in two minutes, obviously, we don't have time to ask . . .

**The Chair:** Do you want to go back and forth, or do you just want to speak for two minutes?

**Mr. Casey:** No. Well, we can go back and forth, but I'll likely just speak for two minutes since there isn't a lot of time for answers in this.

I would like to just talk about MSI for a minute. I was involved with municipalities long before MSI came along, and if anybody doesn't think that MSI has been a godsend to each and every municipality in this province, they are dreaming in Technicolour. It has put us light years ahead of where we were.

I can give you an easy example from the community that I was involved in. In a week we're opening a facility that's worth \$39.1 million, and for a community the size of Canmore that would have been impossible to do, yet with MSI we've been able to put nearly \$32 million of MSI funding into that project. Because it is long-term funding, you can borrow against your future contributions to MSI, so we did that. The province also then allowed you to include in your MSI funding the interest that you pay on interim debt to carry you along until your MSI funding comes in. It has been absolutely remarkable what you can do with this money if you work with it. The same with a daycare that was built in the town of Canmore: MSI funding.

So I'm sorry. I've heard nothing all morning but everyone hashing on MSI funding.

**The Chair:** Okay. That sets the stage for this evening. Thank you very much.

Just a reminder. We'll continue this meeting this evening at 7 o'clock in this same room to complete consideration of the Ministry of Municipal Affairs estimates.

Thank you everyone. Thank you to the minister.

The meeting is adjourned.

[The committee adjourned at 12 p.m.]





