Legislative Assembly of Alberta

The 30th Legislature
Second Session

Standing Committee on Resource Stewardship

Ministry of Municipal Affairs
Consideration of Main Estimates

Wednesday, March 4, 2020
9 a.m.

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Standing Committee on Resource Stewardship

Hanson, David B., Bonnyville-Cold Lake-St. Paul (UCP), Chair
Ceci, Joe, Calgary-Buffalo (NDP), Deputy Chair
Sweet, Heather, Edmonton-Manning (NDP),* Acting Deputy Chair

Dach, Lorne, Edmonton-McClung (NDP)
Feehan, Richard, Edmonton-Rutherford (NDP)
Getson, Shane C., Lac Ste. Anne-Parkland (UCP)
Loewen, Todd, Central Peace-Notley (UCP)
Rehn, Pat, Lesser Slave Lake (UCP)
Rosin, Miranda D., Banff-Kananaskis (UCP)
Sabir, Irfan, Calgary-McCall (NDP)
Singh, Peter, Calgary-East (UCP)
Smith, Mark W., Drayton Valley-Devon (UCP)
Yaseen, Muhammad, Calgary-North (UCP)

* substitution for Irfan Sabir

Also in Attendance

Nielsen, Christian E., Edmonton-Decore (NDP)
Phillips, Shannon, Lethbridge-West (NDP)

Support Staff

Shannon Dean	Clerk
Stephanie LeBlanc	Clerk Assistant and Senior Parliamentary Counsel
Teri Cherkewich	Law Clerk
Trafton Koenig	Parliamentary Counsel
Philip Massolin	Clerk of Committees and Research Services
Sarah Amato	Research Officer
Nancy Robert	Research Officer
Michael Kulicki	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Director of Parliamentary Programs
Amanda LeBlanc	Deputy Editor of *Alberta Hansard*

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Standing Committee on Resource Stewardship

Participants

Ministry of Municipal Affairs
- Hon. Kaycee Madu, Minister
- Dan Balderston, Executive Director/Senior Financial Officer, Financial Services
- Ethan Bayne, Assistant Deputy Minister, Municipal Assessment and Grants
- Dale Beesley, Assistant Deputy Minister, Technical and Corporate Services
- Gary Sandberg, Assistant Deputy Minister, Municipal Services
- Paul Wynnyk, Deputy Minister

Alberta Emergency Management Agency
- Andrew McGregor, Branch Head, Finance and Support Services

9 a.m. Wednesday, March 4, 2020

[Mr. Hanson in the chair]

Ministry of Municipal Affairs
Consideration of Main Estimates

The Chair: Welcome, everybody. I'd like to call the meeting to order and welcome everyone. The committee has under consideration the estimates of the Ministry of Municipal Affairs for the fiscal year ending March 31, 2021.

I'd ask that we go around the table and have all MLAs introduce themselves for the record. Minister, please introduce the officials that are joining you at the table. I'm David Hanson, MLA for Bonnyville-Cold Lake-St. Paul and chair of the committee. We will continue, starting on my right.

Ms Sweet: Good morning. Heather Sweet, MLA for Edmonton-Manning, deputy chair.

Mr. Rehn: MLA Pat Rehn, Lesser Slave Lake.

Ms Rosin: Miranda Rosin, Banff-Kananaskis.

Mr. Getson: Shane Getson, MLA, Lac Ste. Anne-Parkland.

Mr. Yaseen: Muhammad Yaseen, MLA for Calgary-North.

Mr. Smith: Mark Smith, MLA, Drayton Valley-Devon.

Mr. Singh: Good morning. Peter Singh, MLA, Calgary-East.

Mr. Loewen: Todd Loewen, MLA, Central Peace-Notley.

Member Ceci: Good morning. Joe Ceci, MLA for Calgary-Buffalo and NDP caucus critic for this area.

Ms Phillips: Shannon Phillips, MLA for Lethbridge-West.

Mr. Nielsen: Good morning, everyone. Chris Nielsen, MLA for Edmonton-Decore.

Mr. Madu: Kaycee Madu, Minister of Municipal Affairs. Mr. Chair, with me to my left is my deputy minister Paul Wynnyk, and to my right is ADM Ethan Bayne, and to my second left is chief financial officer Dan Balderston.

The Chair: Thank you very much, Minister.

Mr. Madu: I also want to note that I do have some of my officials in the gallery as well.

The Chair: Thank you.

I'd like to note the following substitutions for the record. Heather Sweet is substituting for Irfan Sabir and acting as deputy chair.

Please note that the microphones are operated by *Hansard*, and the committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for the consideration of the main estimates. Standing Order 59.01(6) establishes the speaking rotation while the speaking time limits are set out in Standing Order 59.02(1). In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of his comments we begin a 60-minute speaking block for the Official Opposition, followed by a 20-minute speaking block for the government caucus.

The rotation of speaking time will then alternate between the Official Opposition and the government caucus, with individual speaking times set to five minutes, which if combined with the minister's time, make it a total of a 10-minute block. Discussion should flow through the chair at all times regardless of whether or not the speaking time is combined. Members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time. If members have any questions regarding speaking times or rotations, please feel free to send an e-mail to either the chair or the committee clerk.

A total of three hours has been scheduled to consider the estimates of the Ministry of Municipal Affairs. The scheduled end time of this meeting is 12 p.m. With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose having a break? Seeing none, we will schedule a break.

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area. Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit at the table to assist the members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn. Points of order will be dealt with as they arise, and the meeting clock will continue to run; however, the timer for the speaking block will be paused.

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

The vote on the estimates and any amendments will occur in Committee of Supply on March 19, 2020. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk, and 20 copies of the amendment must be provided at the meeting for committee members and staff.

I now invite the Minister of Municipal Affairs to begin his opening remarks. You have 10 minutes, sir.

Mr. Madu: Thank you, Mr. Chair, and good morning, everyone. I'm here to present my ministry's 2020-2024 business plan and highlights of the Municipal Affairs 2020-2021 budget. Joining me are senior officials from my department. They are, as I said earlier, Paul Wynnyk, my deputy minister; Ethan Bayne, assistant deputy minister, municipal assessment and grants; Dan Balderston, senior financial officer. There are additional staff from my department in the gallery, who will introduce themselves if they're asked to provide supplementary information. I will deliver some prepared remarks and then take questions.

The Municipal Affairs budget is aligned to support the broader government strategy and goals. Our overall focus is to create jobs, grow our economy, and make sure services are there for the people who need them. I'm glad to report that our plan is working. We are getting spending under control and setting ourselves up for achieving even better future results.

Our ministry is investing nearly $1.5 billion to have municipalities keep Albertans safe and thriving in their communities. We are continuing to build strong communities by

delivering important programs and services. To do this, we are cutting red tape that stops municipalities from reaching their full potential, investing in competent infrastructure, strengthening local government and supporting the provincial library network, making homes safer and increasing confidence in builders through licensing and home warranties, and preparing communities to respond to emergencies and to recover after disasters hit.

The overall budget decrease is as a result of a few things: a $32.5 million decrease in the federal gas tax fund, a reduction in grants in place of taxes by $14.4 million, a $10 million decrease in the small communities fund – this was expected as it is at the end of the program – operational efficiencies of $2.4 million, and a $500,000 reduction in firefighter training grants.

There were increases as well. MSI funding increased by more than $322 million, funding to the Surface Rights Board was increased by $1.7 million, and there was a $16.6 million increase in investing in Canada infrastructure program grants. Those are some of the high-level figures.

Now I will dive a little deeper into the details, starting with the gas tax fund. These are funds provided by the federal government and administered by Municipal Affairs. The total for this budget item is $232.5 million lower than it was last year. The reason for this is a top-up of $229.5 million that the federal government announced last year. That was a one-time payment, so this year's funding brings us back to normal at our per capita funding levels.

The other large reduction has to do with disaster response. Last year communities impacted by the northwest Alberta wildfires received one-time disaster recovery plan funding. There were also seven other small disaster recovery programs, five municipal wildfire assistance programs, and some non DRP funding to the regional municipality of Wood Buffalo.

The costs and frequency of disasters in Alberta are increasing, and our province needs to have a strong framework to deal with these disasters and emergencies. If disaster strikes, government will be there to assist Albertans. There's a central transferable supply vote budget of $750 million available to all ministries for wildfires and disasters. Paying for the cost of responding to or recovering from a disaster should be a shared responsibility. Disaster funding helps return uninsurable damaged property to a basic functional state. It was never intended to replace insurance. We will continue to work with our experts and partner agencies to ensure that Albertans are prepared for when emergencies occur and to support Albertans with funding when needed.

The change to grants in place of taxes continues the direction established in Budget 2019. Payments under the program will be reduced, as planned, to 50 per cent this year. This amounts to a $14.4 million reduction compared to 2019-2020. Despite this, more than $13 million will still be paid as grants in place of taxes. This is a prudent approach that recognizes that governments need to reduce operating spending while still providing municipalities a share of the cost of municipal services to Crown properties.

The $10 million reduction to the small communities fund was also expected. This federal-provincial program has concluded, as planned, with the final funds being provided in 2019-2020.

Internally we managed to find $2.4 million in operational efficiencies. This includes reducing salaries and benefits by eliminating 16 full-time positions. This was done mostly through attrition. We reduced another $500,000 by eliminating the firefighter training grants. Delivery of fire services is a municipal responsibility, and it is up to local governments to determine how best to fund and train their services. We will work with communities to help build their own training capacity. We also found another $20,000 in savings from various other reductions.

9:10

There are areas that will see increases in this year's budget. I will start with MSI. Dollars going to the municipal sustainability initiative increased by more than $322 million. This apparently large increase reflects the fact that $400 million of last year's funding was paid out as part of an advance payment in 2017-2018. This budget keeps us on the track outlined in Budget 2019. Over the next two years there will be modest decreases in MSI funding compared to what was originally planned, which will bring us closer in line with capital funding levels in other provinces and jurisdictions. The MSI program will conclude as expected at the end of 2021-2022. After that, municipalities will benefit from the legislated, sustainable, and predictable annual funding linked to growth in provincial revenues under the new local government fiscal framework.

Government is focused on protecting the rights of landowners and operators and ensuring a fair and timely hearing when disputes are called. As such, we have increased funding to the Surface Rights Board by $1.7 million. We do so to address a backlog in applications following a significant increase in landowner claims and therefore reduce the time it takes to process these claims.

Finally, federal funding for a selection of municipal capital projects will see an increase of $16.6 million in investing in Canada infrastructure program grants. Municipal applications for these grants require a one-third provincial cost share. Given Alberta's current fiscal situation, we have enabled municipalities to use existing MSI dollars as matching provincial funding rather than providing new provincial funding.

These are the main funding changes in our budget, but I remind you that our ministry continues to provide support and services outside of these numbers. Municipal Affairs covers a wide range of services that we are proud to provide to Albertans. It is a large job and one that requires responsible spending to make sure that we achieve prolonged results. Our plan is working. We are getting our spending under control, and we are finding ways to continue to help build strong communities today and into the future.

I thank you for your time, and I welcome any questions you may have.

The Chair: Thank you very much, Minister.

We will now begin with a 60-minute rotation from the NDP Official Opposition, and we'll give you an indication at 20 minutes as well.

Member Ceci: Great. Is the minister wanting to go back and forth?

Mr. Madu: I have no problem with that.

Member Ceci: Okay. Thank you. Minister, I'd like to thank you for joining us today, of course, and all of your staff for supporting you. I'd like to ask a few questions about the change to funding levels to municipalities across Alberta and what that means for ratepayers and the economy. Before I begin, I'd like to commend the ministry on certain files for being transparent with Albertans. For example, the spreadsheet that you put out on the per-resident costs for rural policing on a year-by-year, municipality-by-municipality basis is a type of transparency I think Albertans want to see and appreciate.

My first question has to do with MSI – you were just mentioning that – and the reduction in supports that you're planning for Alberta municipalities, particularly as you move to the LGFF. We can see that on page 160 of the fiscal plan. Has your ministry identified by fiscal year the total expected per capita cost of funding reductions on a municipality-by-municipality basis? I assume that you've done

that work internally, and I'm wondering if you can commit to providing that information to members of this committee before main estimates are debated in the House later this month.

Mr. Madu: Let me say this, Member Ceci. Obviously, we made the decision to set or establish the new fiscal framework for municipal funding following the MacKinnon report. We wanted to make sure that our spending or the investments that we make in our municipalities are in line with our comparable counterparts across the country. That's why, even after that change, funding to our municipalities would still be some of the highest amongst comparable jurisdictions in this country. In terms of the actual cost of reductions to specific municipalities, what I can advise is that overall it is a 9 per cent reduction.

Member Ceci: Would that suggest that I could take this year's MSI for each municipality and apply a 9 per cent reduction to it in each year of your fiscal plan?

Mr. Madu: Again, I'm going to let – Dan, do you want to speak to that?

Mr. Balderston: Sure. Mr. Chair, in Budget 2020 the MSI reduction was $94 million. In last year's budget, comparing to what was in the previous budget's capital targets, there was a $94 million reduction in MSI overall and then in '21-22 a $142 million reduction overall. That's comparing it to Budget 2018.

Member Ceci: Okay. What about '23, the fiscal year '23?

Mr. Balderston: Mr. Chair, local government fiscal framework starts at $860 million in that year.

Member Ceci: Okay. That's right. Thank you. That's correct.

Mr. Minister, can you identify now – now – the cost of funding reductions for MSI on a per capita basis for each year of the fiscal plan for the following cities, essentially the large seven cities: Edmonton, Calgary, Lethbridge, Red Deer, Medicine Hat, Grande Prairie, and the regional municipality of Wood Buffalo?

Mr. Madu: Well, again, you are asking me to speak about a funding formula that we have not yet determined, so the funding formula under the new fiscal framework is under consultation. We are speaking with the municipalities to determine, I mean, in terms of the rest of the province, what that formula would look like. But for Edmonton and Calgary, that used to have funding under the now repealed city charters, I think what we have done is to earmark – if I'm not mistaken – I think it's $455 million.

Mr. Balderston: Four-fifty.

Mr. Madu: It's $455 million for those two big cities.

Member Ceci: So $450 million, did you say, for those two big cities? Is that what I heard?

Mr. Madu: Yes.

Member Ceci: And that's for . . .

Mr. Madu: Four hundred and fifty-five million dollars, not 450.

Member Ceci: Oh, sorry; $455 million.

Mr. Madu: Four hundred and fifty-five million dollars for just Edmonton and Calgary.

Member Ceci: For fiscal year '20?

Mr. Balderston: Mr. Chair, yeah. It would be '22-23. When the local government fiscal framework starts in '22-23, it's $455 million split between Edmonton and Calgary and $405 million for the remaining municipalities in Alberta.

Member Ceci: Okay. So those are the two that come to you, come top of mind for you. The others, Lethbridge . . .

Mr. Madu: For the rest of the province we have earmarked $405 million. Now, the mechanism or the funding formula for how that is to be distributed is still under consultation.

Member Ceci: I see. Is the mechanism based on census data alone or more than census data?

Mr. Madu: Again, Member Ceci, we are still under consultation. I am not in a position to speak to what the funding formula will look like.

Member Ceci: When will you be prepared to speak to that?

Mr. Madu: Once we complete our consultation and have that particular point, as I need to have a sense of what the rest of the municipalities would want us to do in terms of the funding formula.

Member Ceci: All right. Obviously, for '22-23 you have to have it concluded in advance of all of that, and it will be, you're saying.

Mr. Madu: It will be, for sure.

Member Ceci: Okay. Can we move on to my second question? I'd like to ask about GIPOT . . .

Mr. Madu: Yes.

Member Ceci: . . . or grants in place of taxes. As the main estimates indicate, you're continuing with your plan to reduce GIPOT funding. Has your ministry identified by fiscal year the total expected per capita cost of the funding reduction on a municipality-by-municipality basis? I assume that you've done the work internally, again, and I'm wondering if you can commit to providing that information to members of this committee before the main estimates are debated later this month.

9:20

Mr. Madu: What I can advise is that, again, as I indicated in my prepared remarks, we have made the decision to ensure that our present expenditure is in line with the rest of the country and also in line with the recommendations of the MacKinnon report. I think it is important, Member Ceci, that we do that in light of our dire fiscal circumstances. As you know, we are as a province facing numerous economic challenges right now, but even despite that, we are still going to pay out more than $30 million in grants in place of taxes. I have had the opportunity to review the payments that we made to every single municipality in this province that has got Crown properties, and the decision that I've come to is one that is responsible and prudent, you know, to make sure that we are spending within our means.

Member Ceci: I'll just wait . . .

Mr. Madu: No. I'm done.

Member Ceci: Oh, you've concluded. Sorry.

Mr. Madu: I will also add that if you're looking for the detailed numbers, I can have my senior financial officer speak to that.

Member Ceci: Thank you.

Mr. Balderston: Mr. Chair, to answer for the changes in '20-21 for Edmonton and Calgary: for the city of Edmonton it'll be down by $6.4 million and the city of Calgary $2.6 million, comparing to last year's budget.

Member Ceci: Sure. Do you offhand, sir, know: Lethbridge, Red Deer, Medicine Hat, Grande Prairie?

Mr. Balderston: No, not right now. I can get that for you.

Member Ceci: You can?

Mr. Balderston: Yeah.

Member Ceci: That'd be great. Perhaps you . . .

Mr. Balderston: I don't have it with me, but I can provide it later.

Member Ceci: Okay. You can provide it later. I appreciate that.

You know, with grants in place of taxes, of course, these are Crown properties, and as I remember it, in the '18 budget the amount of money given in place of taxes being charged as grants to municipalities was $53.5 million – $53.5 million – and it went down to $43.1 million. Now in this estimate it's $30.2 million. That places a strain on municipalities. I've heard from them, and I'm sure you've heard from them, too, the difficulty of providing municipal services, and the costs are being ultimately downloaded on to ratepayers and local taxpayers. Nonetheless, that's the decision that you made.

Mr. Madu: Well, Member Ceci, what I would say again is this. As I said before, in the scheme of things Alberta provides a significant amount of funding to our municipalities compared to the rest of the country. So I have no doubt in my mind that the level of funding that we have provided for in this budget and the one that was provided in the 2019-2020 budget are ones that are responsible, that would help our municipalities fulfill their responsibilities to their residents.

But let me also add this. We have a debt that is nearing $100 billion, and if I'm not mistaken, Member Ceci, in 2015 the cost of servicing our debt was in the hundreds of millions of dollars. In a short few years we are now having to spend billions of dollars in debt-servicing costs. I'm sure you will agree with me that it was completely unsustainable, and we can't afford to be spending billions of dollars we should, quite frankly, devote to programs and services right here. We've given them away to bond masters who reside in foreign capitals. We have, no doubt, a difficult decision to make, and I have always said that, you know, we were elected, all of us, not to make the easy decisions but the tough decisions that are in the best interests of our province. That's exactly what we have done.

Member Ceci: Thank you, Minister.

I'd like to ask you about changes to the split on fine revenues, if I might, and the share that municipalities will get relative to the province. As the fiscal plan notes on page 140, as does your ministry business plan, you are the government's chief lieutenant for municipal relations and for ensuring that our municipalities thrive. Has your ministry identified by fiscal year the total expected per capita cost of the funding reduction from fine revenues on a municipality-by-municipality basis? I assume you've done that work internally, and I'm wondering if you can commit to providing that information to members of this committee before the main estimates are debated in the House later this month.

Mr. Madu: I will not make that commitment, Member Ceci, because you are asking me to speak to a program that I am not responsible for. I understand that I am the Minister of Municipal Affairs, but ultimately it's Justice and Solicitor General that is responsible for that.

Member Ceci: I can appreciate where you're not responsible, but it is, as I said, identified in the fiscal plan under page 140. In your business plan alone you talk about how you're going to work in co-operation with the province's local governments. "Municipal Affairs is well-positioned to deliver . . . the Government of Alberta's plan to reignite the economy, support [jobs], and get Albertans working again." If you're not willing to kind of provide that information later this month, can you identify now the cost of funding reductions related to the changes to the split on fine revenues on a per capita basis for each of the seven big cities?

Mr. Madu: Again, I would not commit to providing that information. You're asking me to speak on behalf of the Minister of Justice.

Member Ceci: Actually, municipalities are going to be worse off as a result of the action of a greater amount of fine revenue going to the province, and that comes under your bailiwick in terms of relations with municipal governments.

Mr. Madu: We as a government, Member Ceci, understand the challenges that municipalities are currently facing, and no one understands that better than myself, who is the Minister of Municipal Affairs. But let me say this. You are speaking about the cumulative impact on municipalities. Let me assure that all of those things are taken into consideration in coming up with Budget 2020-2021.

Let me also say that, like municipalities, the province must ensure that our spending levels remain sustainable while working to encourage economic growth that benefits all Albertans. I think that is why, correctly, we have focused on making sure that we rebuild our economy, that, in my own opinion, has been under a state of devastation for the last five years. I have been clear to municipal partners that we will continue to work with them to make sure that all of our communities are viable, but at the same time we, all of us, have got the responsibility to make sure that our province's economy is doing well. After all, there is only one taxpayer.

Member Ceci: Minister, I'd like to ask about the new rural police funding model and the detailed work done by your ministry on what it will cost Albertans in every single municipality in Alberta. My first question on the police funding model is: do the charges to municipalities flow through Municipal Affairs or through the Minister of Justice?

Mr. Madu: It would flow through the Minister of Justice; again, the more reason why I can't speak to a program that I am not responsible for.

9:30

Yes, we provided supports to Justice in making sure that that work is done, because we heard from rural Albertans that crime is a big problem, and we have responded after listening to them. I think you will agree with me that it's unacceptable to live in a province in which our citizens in rural communities don't feel safe in their homes or communities. The funding model that Justice put forward was as a consequence of consultation – extensive consultation, I will add – between government and municipalities, including the municipal associations. But I can't delve into the

specifics of the information you are looking for, that I don't have. I would prefer Justice to speak to those specifics.

Member Ceci: With the support that you provided Justice and in line with your own ministry's stated objectives on page 140 of the fiscal plan, you worked with Justice, as we just agreed, to provide all municipalities with a per capita cost of this new model on a per-resident basis. This information was provided during fiscal year 2019-2020, and it provided projections through all the fiscal years, out to 2024-2025. Do you have a revised estimate that was used for the calculations of Budget 2020? For example, your ministry publicly shared that when the model is fully online, every soul in Cardston will be paying $56 more and every soul in Fox Creek will be paying $64 more. Do you have a revised estimate for the nearly 300 entities that were on that spreadsheet?

Mr. Madu: Member Ceci, I understand your desire to have that information. I would repeat again that that is the responsibility of Justice, not myself as Minister of Municipal Affairs.

Member Ceci: Minister, you're the government point person for dealing with municipalities.

Mr. Madu: Correct.

Member Ceci: Currently municipal councils can request additional RCMP officers – I think they call it enhanced policing – if that council chooses. However, the new rural police funding model, that you and the government are actively developing, charts a new course. Municipalities and the ratepayers will have no choice. What's your message to the people of Fox Creek? What do you say to a family of four in Fox Creek, who's going to be paying $256 a year more, in that their decisions won't matter now, that it's the government of Alberta's decision with regard to the cost?

Mr. Madu: I completely reject the premise of your question, Member Ceci. To the contrary . . . [A timer sounded]

Member Ceci: That's 20 minutes?

The Chair: That's your first 20 minutes, sir.

Member Ceci: Go ahead.

Mr. Madu: To the contrary, if my recollection serves me correctly, there is a provision in the legislation that gives credit to municipalities who would enhance policing. We have taken pains to make sure that those municipalities that went far and beyond receive their proper credit for that. But, again . . .

Member Ceci: You're going to defer? Okay.

I'd like to ask about full-cost accounting. Your ministry provided a per capita cost for the new police funding model for every municipality in Alberta, so nearly all 300 entities. If I'm an Albertan and I can go and look at what that will cost as a ratepayer in my community, as part of your development for Budget 2020 did your ministry add up the changes, all the changes, to MSI, GIPOT, fine revenue, rural policing, and do a municipality-by-municipality breakdown of the cost per resident?

Mr. Madu: Again, Member Ceci, I will go back to my previous remark, which is that your question essentially borders on a program area which Justice and Solicitor General is responsible for, and that, by the way, is information that would be appropriate to come from Justice and Solicitor General, not Municipal Affairs.

Member Ceci: You may not have heard me, but I did say MSI, GIPOT as well.

Mr. Madu: If you have specific questions on MSI or GIPOT, I'll be happy to answer that.

Member Ceci: Okay. As part of your development for Budget 2020, did your ministry add up all the changes where your ministry is affecting Albertans like MSI, GIPOT, and other areas that you're responsible for and do a municipality-by-municipality breakdown on the cost per resident?

Mr. Madu: Let me say that we did consider in Budget 2020-2021 how all of that will impact our municipalities. But let me also say this, Member Ceci. I have faith that the people of Alberta understand that they must have a government that pursues prudent fiscal policy in light of the economic difficulties that we face, in light of the fast-increasing pace of our debt and deficit. I am also confident that they will appreciate the fact that we are now turning the tide on the massive levels of deficit we've run in the last five years. In fact, Budget 2020-2021 would see a reduction in our deficit by more than $1.2 billion, and I do think that citizens across this province will appreciate that. I mean, as you know, Member Ceci, in the last five years, in the last four years of the previous government, you know, we ran deficits every single year.

Member Ceci: You are too, sir.

Mr. Madu: Well, again, for the first time in the last five years we're beginning to see a decline in our deficit. In 2015-2016 we ran a deficit of almost $7.6 billion; the next year almost $7.9 billion; $10 billion; $10.1 billion; and then the last year, $6.9 billion. This is the first time in those years that we are now beginning to see a significant decline. I think that is a good thing for our treasury, it's a good thing for taxpayers, and it's a good thing for our province.

Member Ceci: Sir, you said yes, that you've done those numbers for your ministry, so I'm glad to see that you've done that work. It's very important that Alberta's municipal leaders know what's coming and that Alberta ratepayers can get some insight into how their taxes might be going up. Will you be releasing the full-cost accounting of your cuts and the cost of downloading to the public for the 300 entities that are here?

Mr. Madu: All of the programs that we have outlined for this fiscal year are contained in our budget. They are public knowledge. We've been very transparent with them. In my remarks I alluded to specific reductions in our programs and services. I also alluded in my remarks to specific increases in our programs and in our funding levels. All of those things are public knowledge. Nothing is hidden, Member Ceci.

Member Ceci: I'm not suggesting it's hidden. I was just wanting to know if you could provide that breakdown on a per-resident basis.

Mr. Madu: Again, you are asking me to provide information that's not realistic.

Member Ceci: I'd like to ask about property taxes in my home community of Calgary as that's been one of the biggest issues coming out of this budget. The CBC is reporting that Calgarians will see an 11.3 per cent increase on the provincial piece of the residential property tax bills alone for the education property tax increase within Budget 2020. That builds on the .7 per cent base

increase that was assessed on property taxes in Calgary as a result of funding cuts by the province for the Calgary Police Service.

You are the minister responsible for Municipal Affairs, and for many regular Calgarians your single biggest role is to help keep their property tax increases in check. So I want to give you the opportunity, Minister, right now to explain to Calgarians why their property taxes have gone up and why you've made the decisions you've made, and we'll be sure to share your response with Calgarians. The floor is yours.

9:40

Mr. Madu: You know, Member Ceci, I will have my ADM, Ethan Bayne, respond to the specifics of your question, but before he does that, I think the people of Calgary understand, you know, that under your previous government, when you were Finance minister, you brought in the largest tax increase in our province's history, a multibillion-dollar carbon tax that the previous government did not even tell Albertans was in the works for them. You increased every single tax bracket in this province – and the cost of living was much higher than it is right now – and pursued policies, quite frankly, that made life much more difficult for our people. What we have done is clean up or eventually begin to clean up the mess that was created by the previous NDP government, and I'm sure that the residents of Calgary would appreciate that, and that is why they made the decision that they made in the previous election.

But in terms of how the increase in property tax would impact the city of Calgary, Ethan, do you want to respond to that?

Mr. Bayne: Yes. Thank you, Minister. With respect to the city of Calgary and based on the city's published budget documents, we have estimated that if you blend the municipal and the provincial portions of that tax, it is for a typical residential property owner an increase in the order of 9 per cent for this coming year. The majority of that, 4.7 of that 9 per cent, if you will, is a result of an increase in the municipal portion of the taxes. That is largely a result of city council's decision to readjust the alignment between the residential and the nonresidential tax bases.

On the provincial portion – so that's the 4.3 per cent of the 9 – 2.5 per cent of that is a result of the increase in the education property tax requisition province-wide in 2020, which, as indicated in Budget 2019, was to be increased in line with population and inflation. So that's that portion of the increase. And then 1.8 per cent of that 9 is a result of the city of Calgary underlevying or undercollecting its education tax requisition in 2019, based on, essentially, an underestimation of how much the province would requisition, which they did not know at the time that they set their tax rate bylaw because there was a late provincial budget in 2019.

Member Ceci: Do you dispute the $130 estimate for residential taxpayers in Calgary that will result from the provincial increase?

Mr. Bayne: Any estimate on a typical homeowner would be dependent on what you're assuming as sort of the average home value, but essentially, if you use what we assume to be the number that the city of Calgary is using in producing those estimates, then yes. Of the components that I spoke to earlier, that would translate to about a $150 increase on the typical residential property owner's bill from the municipal tax increase, $54 from the undercollection of the 2019 tax, and then $78 from the increase to the 2020 requisition.

Member Ceci: Thank you.

On the issue of municipal downloading in Calgary, one conservative city councillor stated, "I don't think [taxpayers are] going to be very happy." He went on to say: "We [don't have the] capacity to cut and make up for that at all. We've already done all of our cuts." As you know, in a recent letter to the Premier from the AUMA's President Morishita, he identified that municipalities can't absorb more cuts. What's your message, Minister, to elected municipal leaders across Alberta about this?

Mr. Madu: First and foremost, you know, I agree with residents across this province that imposing more taxes is not what we would like to see, because I do fundamentally believe that we all need a break from higher taxes. At the same time I am hopeful and confident that they understand that we need to turn the corner from the disastrous policies of the last five years. The way we do that is to implement thoughtful, deliberate, responsible fiscal policy, and I am sure that they would appreciate the fact that we're taking the pain and the time to begin to, you know, turn the corner of the never-ending taxes and hardships that we have seen in this province in the last five years.

To our municipal partners I have always been clear that we will continue to work with them to make sure that our communities are viable. I have an open-door policy. Upon being appointed minister, I embarked on a trip to every corner of our province. I continue to meet with our municipal leaders and municipal associations to make sure that we are all on the same page. By the way, Joe, they understand – they understand – that we are in an economic crisis, and all of us need to band together to solve it.

Member Ceci: Thank you, Kaycee. I think they also understand that they're having to pay more under your government at the local level.

Mr. Madu: I reject that particular premise. In fact, they were far worse off while you were Minister of Finance.

Member Ceci: Thank you, Kaycee.

Just moving on to the economy now. Minister, your government has made a commitment to create jobs and reignite the Alberta economy. The centrepiece of your economic strategy is a $4.7 billion corporate tax reduction. We are now in the eighth month of that strategy being implemented, and so far what we've seen is 50,000 lost jobs across Alberta.

Now, your corporate income tax reduction is ostensibly not deficit finance, but you're making up the difference with cuts in funding. Part of those funding cuts across government, as we've discussed, come through your ministry. In the second outcome identified in your business plan, you state that your goal is to achieve economic prosperity and create jobs. My first question is this. You have made significant reductions in spending, and that spending, public spending, obviously comes at an immediate cost of jobs. Treasury Board and Finance has a sophisticated model that many ministries use to quantify the impacts of their decisions in terms of jobs and the economy. In terms of public spending TBF translates this into a jobs-impact estimate. Did you as the minister get any analysis done whatsoever on the impacts on jobs as a result of your spending reductions for this fiscal year, next fiscal year, and the final year of your fiscal plan? If so, what are the results? I want to know how that relates to outcome 2 in your ministry's business plan.

Mr. Madu: Member Ceci, I understand the urge to continue to peddle this misinformation about the impact of the job-creation tax cut that we put in place despite the fact that – as a former Minister of Finance you should know this. When it comes to fiscal policies, I think that it is important that we pay attention to what the experts are saying. Despite the fact that the experts, those of them who are pretty much grounded in this area, have concluded that a job-creation tax cut would lead to at least 55,000 jobs over a period of

four years, you guys continue to peddle this misinformation about the impact of the job-creation tax cut and keep referencing $4.7 billion as if that is true whereas in real impact in this fiscal year we are looking at about $200 million.

9:50

Again, you know, I am hopeful that the people of our province, across this province, understand. They are seeing through all of this misinformation to understand that it is not true that this is going to cost us $4.7 billion – that's a bogus number – and that the gains, the profit, the advantage to be gained from this policy far outweigh the $200 million of its actual impact, not $4.7 billion.

You know, we spend about $54 billion every single year in terms of our budget. It's like going out there to say that we are spending more than $200 billion. I understand it. It makes for a good talking point, spinning, but again, just like folks in 2019 understood, saw through all of this political spinning, they're going to see through this spinning on $4.7 billion. I would prefer and I'm very proud of the policies that we have put in place to rebuild our economy. We cannot afford to tax those who are job creators into oblivion. That's exactly what you did as Finance minister, and look at the result. The result is . . .

Member Ceci: Can you come back just a little bit to the question?

Mr. Madu: I want to address your question, and I'm addressing your question.

Member Ceci: It's about the jobs impacted . . .

Mr. Madu: Exactly. The jobs impacted.

Member Ceci: . . . in your ministry as a result of reductions. Do you have numbers?

Mr. Madu: Hold on. The point I'm making, Joe, is that at the end of the day, regardless of whether you are in Municipal Affairs or Treasury Board and Finance or Economic Development, Trade and Tourism or Culture, Multiculturalism and Status of Women, the fact is that our overall jobs agenda, our fiscal policy is going to help create more jobs. By the way, Joe, we lost more than 170,000 jobs while you were Finance minister, and we still have not recovered from that. We are digging ourselves out of that particular hole, and I'm confident that we will get there.

Member Ceci: Okay. The impact of your decisions in your ministry: do you know if that impacts jobs negatively in this province, and if you have those numbers, can you just provide them?

Mr. Madu: The policies that I have pursued as Minister of Municipal Affairs are ones that I think ultimately will create jobs in our various municipalities, and that is why . . .

Member Ceci: You're not going to provide them, or you don't know?

Mr. Madu: . . . I was proud to table two pieces of legislation that will incentivize our municipalities to attract investment and that will lead to economic growth. I do believe that when we do that, you know, our communities benefit from that.

Member Ceci: Do you have anything jobs-related to add to that?

Mr. Madu: I think I've answered your question, Member Ceci.

Member Ceci: Okay. Minister, the fiscal strategy of your government is in part to download costs onto other levels of government. A classic example of this is your change to GIPOT, as we can see on page 135 of the business plan. As we've seen, ratepayers are going to be paying more, and ratepayers are consumers. Your ministry's stated goal is to grow the economy and create jobs. It's there on page 129 of your business plan. Can you tell this committee what impact analysis you did on consumer spending as a result of the increased taxes on ratepayers? How many jobs are expected to be lost because of the reduced consumer spending?

Mr. Madu: We are investing a record $863 million in funding to municipalities plus an additional $30 million, altogether a $993 million investment that we are making in all municipalities in this province.

Member Ceci: Okay. Minister, you're asking municipalities to pay more for provincial services, and you're downloading costs onto those ratepayers. That's a choice, and one I think that you stand behind. Again, in relation to outcome 2 of your business plan we've seen a lot of municipalities put their construction projects on hold. I've heard it. You've heard it. They're saying that they're going to push out needed construction and basic maintenance and renewal projects because they're not sure where things are going with this government. This, of course, is to be expected. Did your ministry quantify the impact on construction jobs as a result of changes in Budget 2020?

Mr. Madu: Again, I reject the premise of your question. As I have said before, we are making a historic investment to business of $3 million to our municipalities plus $30 million in operating funding.

We are by far one of the most generous provincial governments in this country in terms of our municipal investment, and I am sure that our municipal partners and leaders appreciate the pain with which we have made sure that those investments continue to go to the various communities despite the numerous economic and fiscal challenges that we inherited from the previous government. I am confident, given all the conversation I've had with them, that they understand that this is the right trajectory to get us out of the particular hole so that when we finally rebuild they would then participate with us in making sure that we share in the prosperity that will result from that hard work. But that work has to be done.

Member Ceci: Thank you. I think the one thing I heard in there is that they understand the pain that is being caused as a result of your actions.

Your strategy as a government has been to reduce the corporate income tax rate and hope that investment will flood into the province and create jobs. At the same time you're downloading costs to municipalities to pay for that CIT cut as you don't want the corporate income tax cut to be a deficit-funded one. I have been talking to some experts who say that many businesses might be worse off as their municipal taxes go up more than they'll be able to get back from the reduced CIT rate cut. The view is that corporate income tax reduction might be good for the bottom line of corporation giants who generate billions in profits but not so good for everyone else. Your stated goal is to create jobs. It's there in your business plan. My question is this: what analysis has your ministry done on the trade-off between increased municipal taxes that occur to businesses versus the CIT reduction? Have you done a distribution analysis to see what corporations are winning and which ones are losing in municipalities across Alberta?

Mr. Madu: Member Ceci, we can certainly look at the fiscal and economic policies pursued under the previous government while you were Finance minister. You increased corporate taxes by 20 per cent. What happened? What happened is that we lost tens of thousands of jobs. We racked up debt and deficits to the tune of $64 billion. Investors began to leave our province. They refused to invest in our province because of those policies. The then government stated that they were going to increase revenue from this corporate tax increase of 20 per cent. The reverse actually happened. The previous government overbudgeted by a record $7 billion, the hole that this government is now confronted with, that we are now dealing with.

At the end of the day we must, you know, listen to the experts and do what actually works for the economy. The experts are clear that a job-creation tax cut will lead to at least 55,000 jobs, and for those in need of expansion or new investment it will provide them the opportunities to do that. I am confident that when businesses begin to expand or begin to make new investments, that will lead to more economic growth, and there are people who will begin to be hired again. Let's focus on that particular work. I'm proud that that work is paying off. That's why we've got – by all measure of projections in terms of investment in our economy, the Conference Board of Canada projects that our province will be among the first or second provinces to lead our country in economic growth.

Member Ceci: We led two years, in '17 and '18.

Mr. Madu: Again – sorry.

Member Ceci: I need to ask you a question. I just want to say that the question for job growth and investment is: when? You haven't addressed the when.

But I'd like to move on if I can. It seems pretty critical that you do that analysis that I've asked for. If your goal is to create jobs and you think that it will occur if companies have more money to invest, then why don't you know which companies will be paying more in municipal taxes and then what they'll get back in the CIT rate reduction?

10:00

But I want to move on. Minister, in Budget 2019 your government put forward a plan that you said would create just over 200,000 jobs by the end of its mandate. That's found in the economic forecast section of the previous fiscal plan in the budget you just released. In the budget you just released, your government added a new chapter called the blueprint for jobs. It was some good branding, to be sure, but despite that branding, as I see on page 52 of the fiscal plan, you've actually cut your employment forecast from just four months ago by 15,000 jobs by the end of your mandate. You've lowered your jobs target. Your blueprint for jobs is promising to create fewer jobs than you promised just four months ago. Now, that estimate for jobs is for all of Alberta, both private sector and public sector.

My question is this. Let's use the new, lower jobs target that your government put forward for the year. Of the roughly 200,000 jobs that your government is planning to create, how many come from the work being done in your ministry? If you add up the key objectives 2.1, 2.2, 2.3, and 2.4 in your business plan and you factor in your strategies, your spending, and your downloading, how many jobs are you estimating that you'll help create in your ministry as a result of your actions?

Mr. Madu: Member Ceci, you're asking me to speak on behalf of the President of Treasury Board and Minister of Finance, but as a member of this government I can assure that I am proud of the fiscal policies that we've put in place.

But let me also say this. One of our initiatives at Municipal Affairs has been to allow wood building construction, you know, for up to 12-storey buildings.

Member Ceci: Wood.

Mr. Madu: Yeah. My sense is that this change will be included in the next edition of the national building code, that is anticipated for publication at the end of 2020. But Municipal Affairs anticipates – and this is something we heard from industry – that this will add an additional 60 jobs per construction site and up to 400 jobs per new sawmill and production site.

Member Ceci: Sorry. I missed those numbers.

Mr. Madu: Four hundred jobs per new sawmill and production site.

Member Ceci: That's it?

Mr. Madu: Right now. Just that policy alone. And it's just one policy, that we just implemented. But I am optimistic that overall the blueprint for jobs and the fiscal policies that we have put in place would help us rebuild our economy, create jobs, and end this era of economic recklessness that we saw in the last five years.

Member Ceci: Minister, how is it you know, on that one policy alone that you're putting forward, that there'd be a 400 increase to jobs throughout the province, but on all the other impacts you're having on municipalities with the downloading you're causing, you don't know what that impact will be on local jobs?

Mr. Madu: Again, you are asking me to speak to policies that cut across various ministries, and I've been clear. I will speak to the specific policies that I am responsible for. You're asking me to speak on behalf of the President of Treasury Board, Justice minister. That's not how it works. You should know better.

Member Ceci: You're the champion for municipalities.

I'd like to ask a question about Alberta Emergency Management Agency's operational funding if I might. That has been decreased significantly. Budget '18 was $160 million, Budget '19 $125 million, and Budget '20 is proposed to be $77 million. What can you tell me about what that will mean for municipalities who rely on Alberta Emergency Management Agency's help in the event of emergencies like floods, wildfire, and other catastrophes?

Mr. Madu: We continue to make historic investment in making sure that we're able to respond to wildfires or any disaster when they do happen. That's why we have allocated $750 million . . .

Member Ceci: That's contingency money.

Mr. Madu: Yeah. It's money because what . . .

Member Ceci: I wasn't asking about that.

Mr. Madu: Listen, the point I'm making, Joe, is that whatever might happen, we budget $150 million. We end up spending more than $150 million, and I want to make sure that we don't have to worry about the cost of fighting those disasters. That's why we have budgeted far more in contingency funds than $150 million or $200 million. We have a contingency fund of $750 million to be able to address any natural disasters, regardless of what the cost is.

Member Ceci: Are you saying that the contingency fund monies will be brought in to backstop the reduction in the Emergency Management Agency's operational budget?

Mr. Madu: I think that what you are referring to is the $150 million that was added to our budget last year to respond to and fund recovery efforts for the 2019 wildfires and emergencies. That money is in the process of being distributed, so the $150 million is simply not in our current baseline budget for this year. Again . . .

Member Ceci: I'm not sure I'm asking about what you're talking about. I'm asking about the change in the budgeted amount for the Alberta Emergency Management Agency's operational funding.

Mr. Madu: Dan, do you want to speak to that?

Mr. Balderston: Yeah. Mr. Chair, the question is: '19-20 $125 million down to $77 million in '20-21.

Member Ceci: Yeah.

Mr. Balderston: So that's a reduction of $42 million. It's due to two main things. Like the minister said, one of them: there was $32 million in there for disasters, and the minister talked about $150 million; $32 million is in the $125 million, and then there's a line down a little bit lower, northwest Alberta wildfires, $118 million, so there's your $150 million.

But to answer the question "Why budget to budget does Alberta Emergency Management Agency reduce by $42 million?" $32 million is due to disasters, that was in that line, and the other one is a noncash item. It's the Alberta first responders radio communication, down by $16 million. It's noncash, so . . .

Member Ceci: All right.

Mr. Balderston: Yeah.

Member Ceci: That helps me. Thank you very much. Thank you, Minister.

Minister, the training for firefighters is crucial for our province. They're the first line of defence, obviously, and all Albertans support that. Within this budget you've reduced funding by a half million dollars for firefighter training. Can you tell me which municipalities will be affected by that change? Essentially, who got it before, and who won't be getting it now?

Mr. Madu: Again, the grant program was introduced at the time when government budgets allowed us to do more, you know, to be more generous. Now that the province faces fiscal challenges, we are reviewing all of these programs and services . . .

Member Ceci: Yeah. I heard you.

Mr. Madu: But, again, this is a nominal grant that we provide to our municipalities, and I am confident that my ministry will continue to work with our municipal partners to make sure that they build capacity and have all of the tools that they need to be able to respond to any contingencies that may arise or continue to train their firefighting staff. Municipal firefighting: that is a municipal issue. It is not a provincial issue.

Member Ceci: Okay, Minister. So your staff will work with municipalities to ensure, essentially, that they absorb that cut in terms . . .

Mr. Madu: My staff . . .

Member Ceci: That municipalities have to absorb that.

Mr. Madu: My staff has always worked with our municipalities to make sure that they have the capacity that they need.

Member Ceci: Yeah. Without the grant, obviously.

Mr. Madu: Again, this is a nominal $500,000 grant. We spend a lot more on all kinds of programs, including firefighting, in various municipalities in this province.

Member Ceci: Yeah. I saw a letter to the editor today, and that person, that firefighter, did not think it was nominal. They're a volunteer, and they will just have to put up more of their own dollars to get the training and certification that needs to happen.

Minister, I just want to move you on to page 173 of the fiscal plan. It's identified that you'll be cutting 40 FTEs this year. Can you tell me what impact that will make on your ministry, where those program reductions of staff will take place? Please take your time to go through that because I think that it's important for me and other members of this committee to understand.

10:10

Mr. Madu: What I can say is this. There is a new definition of an FTE in Budget 2020 which will align with the new information technology system being implemented at Municipal Affairs. But I can't speak to – I'm not going to comment on the specifics of FTE changes that are made in my department.

Dan, do you want to step into that, please?

Mr. Balderston: Sure. Mr. Chair, in total there is a 16 FTE reduction throughout the ministry. The vast majority of them were vacant positions. But if you want me to just go by division . . .

Member Ceci: Yeah. Just point to the page you're looking at. Did I say it was page 173 of the fiscal plan? No. That's the total number for the ministry. Maybe you can . . .

Mr. Balderston: Yeah. Page 218 shows a reduction from 592 to 552: 40. As the minister said, the definition of what an FTE is has changed. The Public Service Commission has taken it over. If you basically have an FTE that is vacant, it'll actually show as a reduction. To answer your question on what conscious decisions we've actually made as a ministry, we've reduced 16 FTEs even though it does show 40.

Member Ceci: Okay. You're going to have to explain that a little more. Those 16 were vacant positions, or those are real positions that you've eliminated?

Mr. Balderston: They are positions, 16 positions: 12 of them were vacancies and four were through reorganization.

Member Ceci: So where do the other 24 come from?

Mr. Balderston: We're going to be working with the Public Service Commission. The FTEs: in previous budgets it was always based on a budgeted FTE, and now with this new 1GX, or new IT system, the FTEs by ministry are based on projections or even – basically, if there's a vacant FTE, it will decrease; like, it will go as zero. We actually had quite a few vacancies within Municipal Affairs. That's why it goes down by 40. But for actual decisions that we've made for reductions to FTEs, it's 16.

Member Ceci: What did you call the new system? I didn't . . .

Mr. Balderston: It's called 1GX. It's our new IT system.

Mr. Madu: Let me add that if what you are looking for, Member Ceci, is whether or not we actually laid off 26 people, we did not, I mean, if that helps you.

Member Ceci: I think, Dan, you said that 12 of them were vacant.

Mr. Balderston: Yes.

Member Ceci: Four were actually . . .

Mr. Balderston: Yes. We did a reorganization.

Member Ceci: A reorganization, a rearrangement. And the other 24 are part of this 1GX.

Mr. Balderston: Yeah, 1GX. I wouldn't call it – even though it does look like a reduction, it's not that we've made reductions of 40. It truly is 16: 16 with 12 vacancies, and four are the reorganization.

The Chair: Thank you very much, Mr. Ceci.

We'll now move on to 20 minutes for the UCP, government caucus. Your time begins now.

Mr. Rehn: Minister, I want to know if you'd go back and forth during questions?

Mr. Madu: That works for me.

Mr. Rehn: Okay. I'd like to thank you and the rest of your staff for coming here this morning and enlightening us on different aspects here in your department. On page 133 of the business plan, outcome 5 is: "Albertans receive fair, timely, and well-reasoned decisions from the ministry's quasi-judicial boards." You have announced the employment of three full-time members to the Surface Rights Board. How were these board members selected, and how long will it take to bring these new members up to speed?

Mr. Madu: All three full-time appointees are current members of the four boards. Two of the members already hold joint appointment with the Surface Rights Board, Land Compensation, and Municipal Government boards and have been assigned as the acting chair when required. The other member is an experienced member of the Municipal Government Board who has already been involved in the board's alternative dispute resolution process. I should say that all members have been instrumental in developing the extensive training programs that the board sponsors. Each is an expert in their own field: law, real estate, real estate appraisal, and farming. They were selected precisely because of their knowledge and contribution to the work of the boards and their enthusiasm for the work that they do.

Mr. Rehn: Thank you very much, Minister.

Mr. Madu: Thank you.

Mr. Rehn: Maybe I'll pass it on.

Ms Rosin: Great. Well, thank you so much again, Minister, for being here today. I'm sure you'll hear that many times down the line here. I'll pick up where Mr. Rehn left off, on the same topic on the quasi-judicial boards. On page 174 of your government estimates from 2020-2021, program 10 of the quasi-judicial boards shows a $1.5 million overall increase comparing the '20-21 estimate to the 2019-20 estimate. I understand that included in here is $1.7 million in new funding to support the Surface Rights Board. Are all these enhancements to the landowners' rights at the expense of oil and gas operators?

Mr. Madu: Thank you, Member Rosin, for that question. This investment will enhance the ability of the Surface Rights Board to process applications that matter to the oil and gas industries such as the right-of-entry orders. We embarked on a careful scrutiny of section 36 applications, which will also mean that landowners are not overcompensated. We are also moving ahead on a legislative amendment that would cut red tape for operators.

Ms Rosin: Perfect. Thank you. Branching off of that, I'm just wondering if you could explain to us directly how that $1.7 million is going to benefit the Surface Rights Board.

Mr. Madu: This would benefit the Surface Rights Board, Member Rosin, by enabling the hiring of 15 front-line staff for one year to get rid of the backlog. You know, once the backlog has been addressed, we will replace the 15 with six permanent staff to keep up with the volume. We will also appoint three full-time board members and six new part-time members. Also, this will support the development of a portal so that landowners can apply online and are able to go online and follow the progress of their file.

Ms Rosin: Perfect. Thank you. One last question. It's perfect that you mentioned the backlog. That's kind of where this next question will go. On page 133 of your business plan, outcome 5, it says that, "Albertans receive fair, timely, and well-reasoned decisions from the ministry's quasi-judicial boards." When it comes to timeliness of the Surface Rights Board's decisions, I'm wondering if you can speak to just quite how bad this current backlog is.

Mr. Madu: You know, let me say this. I agree, it was actually quite bad. As of January 2020 the Surface Rights Boards had 1,784 unopened files; in other words, files that are there in the system. Nobody has done anything on them, and we have 5,378 open files waiting to be processed. Without this investment of staff and resources, by the end of 2020 we will project that we would have at least 4,500 unopened files and over 6,000 files waiting to be processed. This is a huge problem for us, and that is why we've made that investment of $1.7 million.

Ms Rosin: Perfect. Thank you for taking action on this.

With that, I will pass it off to my colleague Mr. Singh.

Mr. Singh: Thank you, Mr. Chair. I've got questions to you, Minister, that I would like to go back and forth with you if it's okay with you.

Mr. Madu: That works, Mr. Singh.

Mr. Singh: I would like to commend the minister and his staff for maintaining good relations with our municipal counterparts and for having great programs and initiatives within the ministry. My question is regarding library services. On page 130 of your business plan one of the initiatives supporting key objectives discusses reducing "red tape for public library stakeholders by streamlining mechanisms for public library boards to meet their annual reporting requirements." My question is: can the minister discuss how this will help libraries in our province?

Mr. Madu: Mr. Singh, thank you for the question. I mean, you are correct. Libraries are required to report annually to the minister. You know, as part of the red tape reduction initiative, my ministry staff consulted extensively with public library stakeholders last fall to learn how red tape affected them. There were nine in-person

engagement sessions and an online survey. In total the ministry received 68 surveys, and 92 individuals participated in the engagement sessions. As a result of that feedback gained from those engagements and surveys, my ministry has reduced reporting requirements contained in the annual report for library systems by 29 per cent. We also plan to have a similar reduction for municipal library boards in 2020-2021.

Mr. Singh: My last question is on page 128 of the business plan, where key objective 1.6 is to enhance Albertans' access to public library resources by continuing to provide operating grants to all library boards and to continue to invest in a province-wide library network. My question is: are there any budget reductions to public library services?

10:20

Mr. Madu: You know, Mr. Singh, I am proud to have made the announcement to maintain library funding at a record 100 per cent. Specifically, to your question: there is no single reduction in provincial support to public libraries. Operating grants have been maintained at full level, again, no reductions there. There are also other initiatives that will make investments such as interlibrary loans, e-books, and support for indigenous community access to libraries. All of that funding has been maintained at maximum levels.

Mr. Singh: Thank you, Minister, for answering.

I will let my fellow member MLA Shane Getson take the next question.

Mr. Madu: Thank you, Mr. Singh, for your question.

Mr. Getson: Thank you, Minister. Permission to go back and forth with you as well, sir.

Mr. Madu: That works, Mr. Getson.

Mr. Getson: Thank you. Minister, on page 128, item 1.5, in the key business plan it says to "provide funding" – I have to use glasses now; I'm at that age, really getting to be a pain here.

Mr. Madu: We're all getting there.

Mr. Getson: Apparently, even the *Mona Lisa* is falling apart, so they tell us.

"Provide funding to municipalities to help them meet their strategic long-term infrastructure needs and implement the new Local Government Fiscal Framework for municipal capital funding." According to the AUMA, "municipalities own and maintain 60% of [Alberta's] infrastructure, while [they] receive only 10% of every tax dollar." So a question on this, sir, and you may have responded to Member Ceci on it, but I might ask it in a little bit of a different way. Isn't there a risk by further reductions to the infrastructure funding? Is that a potential downloading of those risks to the municipalities, and would there be a shortfall?

Mr. Madu: I wouldn't characterize it that way, Mr. Getson. As I said in my remarks and in some of the things I have said earlier this morning, Alberta's municipalities receive significantly more grant funding than municipalities in other provinces, and we are moving to make these funding levels more comparable. I don't think anyone would disagree with that assessment, that we fund in comparable terms our municipalities compared to other municipalities. But the government must continue to make difficult choices. We inherited a fiscal mess, as I have said before, and we can't afford to be making budgetary decisions as if we don't have more than $60 billion in debt to pay, as if we don't have $2.2 billion in debt-servicing costs. I think those types of decisions are what, in my view, are going to impair our ability to continue to fund our municipalities because they really need the provincial government partnership to be able to do that. We can only do that if we are able to continue to fund those programs and services.

Let me also say this. You know, similarly, municipalities are also expected to make choices on how they will allocate the financial resources available to them. You know, I've always been clear in public and in my private meetings with our municipal partners that all of us are in this together, and we must work together in order to make sure that we will build our economy, return to prosperity, so that we can all share in the prospects of our lives ahead.

Mr. Getson: No. I appreciate those comments, Minister. I think that, you know, the feedback I'm receiving out in my area – it was at the onset as well of all of us being new to the political realm here, some of us more new than others, but the fact that there is some openness, there is an appetite, if you would, to work with us collaboratively to make sure where those communications are open, and we're seeing a groundswell of some of the municipalities, obviously, wanting to work better with their neighbours as well.

With that, I'd also like to turn, if I could, to page 174 and stay on the MSI item on the business estimates.

Mr. Madu: Please.

Mr. Getson: On page 174 of the estimates, line 4.2, MSI capital, with the 2019 forecast of $641.6 million and 2020 estimates at $963 million the question would be that we have an increase there, so why wouldn't municipalities receive more MSI funding in '20-21 than the 2019 budget when the budget came in at a 9 per cent planned funding reduction in 2019? Where was the change?

Mr. Madu: Yeah. The MSI provides substantial infrastructure funding to municipalities. In 2020-2021 the municipalities are expected to receive $963 million in MSI, which is, you know, a $94 million reduction from the original amount based on Budget 2018. But let me also say this. The 2020-21 target is higher than that of the 2019-2020 amount. The reason is because $400 million of the 2019-2020 amount was prepaid to municipalities through a supplementary estimate in March 2018.

Mr. Getson: Okay. That would account for the spike.

Mr. Madu: You're right.

Mr. Getson: Okay. A blip on there. If I can just stay on the MSI thing again. Now, I might be cheating a bit, but I did pull some numbers from 2018 just to take a look between the actuals and the forecast, and it appeared – I might be wrong, and your ADMs can correct me if I'm wrong – that there was a potential reduction of $236 million from 2021 to 2019. Now, the concern I have on that is: if there was a reduction, is that going to impact the projects that were currently under way or in the planning stages? Again, given the limited capital, we know the infrastructure needs to be spent wisely. In what you're hearing in your feedback and your contemplation, is that going to negatively affect projects that are in progress or that are in planning stages?

Mr. Madu: Not necessarily, Mr. Getson. Under the MSI program municipalities have the flexibility to choose projects with the highest priority, adjust project schedules, or fund projects with future allocations. However, I think I've also been clear that municipalities may also need to make difficult choices to live

within their means as well, just as we are doing the same at a provincial level. One of the things we have also done to make it easier for them is to provide the flexibility so that they can use the MSI funding to match some of the federal projects. There's a lot more flexibility that we have brought in place for our municipal partners to be able to fund their priority projects.

Mr. Getson: I appreciate that. Thank you, Minister.
I'll just turn it over to MLA Rehn if you have questions?

Mr. Madu: Thank you, Mr. Getson.

Mr. Rehn: Minister, on page 173 of the 2020-2021 government estimates, line 9.5, disaster recovery, for 2020-21 the estimate is zero; and on page 174, line 14 in 2019, northwest Alberta wildfires, for 2020-21 the estimate is also zero. I don't see any budget in 2020-21 for disasters. Alberta has seen its share of large-scale natural disasters in recent years. Can you explain why these line items are listed as zero?

Mr. Madu: For sure, Mr. Rehn. I can explain that. The simple reason is that because disasters and emergencies are unpredictable, Municipal Affairs does not budget for them in our baseline budget. The government does, however, have a $750 million contingency fund set aside for disasters and emergencies, and on an as-needed basis Municipal Affairs can draw on that particular fund. However, last year we had $150 million added to our budget to respond to and fund recovery efforts specifically with respect to the 2019 wildfires and other emergencies. That money is in the process of being distributed. The $150 million is simply not in our current baseline budget for this year.

Mr. Rehn: Okay. Thank you. On page 132 of the business plan, key objective 4.5 describes improving the resilience within the government of Alberta by strengthening the current business continuity and consequence management programs and by leading in the development of a provincial hazard and risk assessment and disaster resilience strategy. What work is under way in Municipal Affairs to assess and mitigate the impacts of large-scale disasters?

Mr. Madu: Thank you, Mr. Rehn, for the question. Currently Municipal Affairs through the Alberta Emergency Management Agency is leading the development of a revised hazard identification and risk assessment process for the province. As the name states, the HIRA will provide a standardized method to identify and assess disaster risk. In addition, the agency is leading the development of the disaster resilience strategy. This strategy is intended to guide work aimed at reducing disaster risk and enhancing disaster risk management capacity across the province. These initiatives are intended to reinforce each other, as the HIRA will inform the strategy while the strategy itself would stress the need for and rely on continued and robust risk identification and assessment process. Taken together, Member Rehn, they form one part of the province's overall approach to ensuring that Alberta is emergency ready and resilient.

10:30

Mr. Rehn: Thank you.
I will pass it on. Actually, sorry, Minister. I've got one more question. On page 173 of the estimates under program 9.6, emergency preparedness grants, the 2020-21 estimate is $150,000. How are the emergency management preparedness program, EMPP, grants benefiting Alberta's communities?

Mr. Madu: What this does is that it helps facilitate key preparedness projects such as exercises, courses, and/or training across the province for municipal emergency response personnel and volunteers required to protect Albertans during emergency events. It also maintains the minister's commitment to improving emergency management capabilities and capacities across the province. It also supports communities in their effort to comply with training requirements detailed in the local authority emergency management regulation, which came into force January 1, 2020. It also, Mr. Rehn, enhances community resiliency and emergency response, enhanced capacity that typically reduces recovery costs and timelines.

Mr. Rehn: Thank you.
I will pass it on to Mr. Yaseen.

Mr. Yaseen: Thank you, MLA Rehn.
Mr. Chair, if it's okay, can I go back and forth with the minister?

Mr. Madu: Very well, Member Yaseen.

Mr. Yaseen: Thank you, Mr. Madu and your team, for all the work you have been doing to bring our province back into fiscal order and for your contributions with respect to that.

Mr. Madu: Thank you, Mr. Yaseen. I appreciate that.

Mr. Yaseen: My question is with respect to municipal autonomy. If you go to page 128, I think it is, of the business plan, I'm going to quote from there. It's outcome 1. It says, "Albertans live in viable municipalities and communities with fiscally responsible, collaborative, and accountable local governments." Can you, Mr. Madu, tell us: how is your ministry working with municipalities to ensure we can accomplish our provincial objective while still respecting municipal autonomy?

Mr. Madu: Thank you, Member Yaseen. You know, this is one area that obviously is important to me. As Minister of Municipal Affairs I have great faith in the large majority of our municipal elected officials, and I believe they make their decisions in the best interests of their various communities. As a general rule, those decisions should be judged by the local residents, not by me as minister. Residents of any municipality can hold their councillors accountable for their decision-making, most notably through the ballot box every four years. In very rare circumstances I may need to intervene if councillors are not meeting their legislated obligations under the Municipal Government Act, and I say: in very rare circumstances. In those situations, however, a municipal inspection can be ordered, and if serious problems are identified, I have the authority as minister to issue a directive to council to fix those problems. I also have the authority to appoint an official administrator to oversee council . . .

The Chair: Sorry to interrupt, Minister, but our time is up for that.
We'll continue with 10 minutes with the NDP caucus, quickly followed by a five-minute break after this 10-minute block.

Member Ceci: Okay. Just back to the education requisition increases that your department has to facilitate in terms of the assessments to municipalities across the province, Calgary in particular – but it doesn't only impact Calgary, obviously. With regard to some phone calls I was making around the province, I think Banff will be paying a significant amount more as a result of this education requisition. I understand it's a 16 per cent increase from the previous year, and almost 6 per cent of their resident property tax increase this year will be going to the education requisition in particular. In Calgary's case, as Ethan was explaining a little earlier, there is some made up from an underestimate from

the previous year because they didn't have the information they needed from your department and government to properly set their education property tax requisition.

In Calgary's case they have to deal with police funding cuts because of increased fine revenue – not you but somebody else, the Justice minister – with affordable-housing cuts that will potentially close up to a hundred housing units in the wake of the provincial budget and the property taxes to rise as a result of that, and, of course, with pushing out something like the Springbank dam even further, which would generate employment and benefit the economy in the Calgary region – that's not going to be going forward – and on and on and on. As the Municipal Affairs minister you can't be happy with the impact on local taxpayers and ratepayers as a result of the significant downloading onto local governments.

Mr. Madu: Again, before I address your question, let me make one correction. I think that in Budget 2019 we tabled that particular budget in October, and compared to when the previous government tabled – ours came, actually, before the previous government's. It is incorrect to say that it is as a consequence of Calgary not having the information they needed from my department. I think it was a budgetary consequence by the government, not so much of my ministry, even though, to be clear, we put forward our budget before the previous government did in October of last year.

I reject, once again, the premise of your insinuations. We are making historic investments in our municipalities compared to their counterparts across the country, as I said. We have earmarked $963 million, Member Ceci, and an additional $30 million to make sure that our municipalities have the resources they need to continue with their capital infrastructure spending. They understand that all of us are in this together, and they understand that we continue to have a depressed economy, that we are working so hard to dig ourselves out of the hole as a consequence of policies pursued in the last five years. It will take time. This is a government that has been in office for . . .

Member Ceci: Eleven months.

Mr. Madu: . . . less than a year, and it will take more than a year to undo the disastrous policies that we inherited in the last five years.

Member Ceci: Thank you. That's not, of course, what you campaigned on. You campaigned on an immediate upswing. The focus of your campaign was jobs, the economy, and pipelines, and the Premier implied that that would happen immediately. Obviously, that has not happened, sir.

Changes to the . . .

Mr. Madu: You know quite well, Member Ceci, that that is not correct, and I can understand . . .

Member Ceci: . . . regular census . . .

The Chair: Members, please. Through the chair.

Member Ceci: I'll ask a question.

The Chair: Yeah. Ask the question through the chair, and answer through the chair.

Member Ceci: Okay. I'll ask a question.

Mr. Madu: If Member Ceci would stick to questions, then I'm fine with that. I'm fine with that.

The Chair: Thank you, Minister.

Go ahead, Mr. Ceci.

Member Ceci: I'm wondering if there are changes to the census that you do. Can you remind me of the frequency of the current government census for the population in Alberta? If it's changing, if it's moving to a longer time period, then what challenges will that present for population counts and grant allocations that both the federal and provincial governments deliver to municipalities?

Mr. Madu: Let me be clear. The government is not removing municipal authority to conduct a census. Municipalities retain their ability for that purpose.

Member Ceci: Sure. Does the province do them on their own?

Mr. Madu: Municipalities have the authority to conduct their census.

Member Ceci: That wasn't what I asked.

Mr. Madu: What was the question?

Member Ceci: The question is: does the province do a census of this province on a regular basis?

Mr. Madu: No. The province, like every other provincial government in this country, relies on federal government data.

Member Ceci: Okay. And that's not changing?

Mr. Madu: That hasn't changed. We haven't changed that.

Member Ceci: Thank you.

Ms Phillips: Just a follow-up on the census question, then. There are some changes, though, in terms of the funding formula following the annual municipal census. That's my understanding, Minister, that the funding formula is based on the municipal census, and that approach has been changed, and it was of some concern, especially to some of the smaller cities. Can you confirm my understanding?

10:40

Mr. Madu: We have based the – are you talking about the overall budget?

Ms Phillips: I'm talking about the role of the census in the funding formula. As I understand it, the government has changed the role of a municipal census in how it calculates the funding formula. Can you confirm my understanding?

Mr. Madu: As I said before, municipalities retain their ability to conduct their own census. What we have put in place is to inform the budget on the basis of census data provided by the federal government.

Gary, do you have anything to add on that?

Mr. Sandberg: Yes.

Mr. Madu: I will let my assistant deputy minister step forward here.

Mr. Sandberg: Good morning. Gary Sandberg, assistant deputy minister of municipal services. As the minister said, we have made no changes in terms of the ability of municipalities to do a census. What has changed is that the province will no longer be using the results of a municipal census to calculate grants. Moving forward,

the province will use annual population estimates that will be developed by Treasury Board and Finance.

Ms Phillips: So I guess my follow-up question to that, Minister, is: how will those population estimates be modelled for future years, in particular for communities where we see rapid growth of a young population that needs schools, roads, FCSS, and so on? I'm thinking here of my own community of Lethbridge, where the census data has helped to secure nearly $425,000 in annual provincial and federal funding. What will be the material change as a result of moving from a municipal census-based funding formula to this provincially developed population estimate? That's the first piece of the question.

The second piece of the question is: what input will the municipalities have and/or what recourse will they have if those estimates are wrong?

Mr. Madu: Mr. Sandberg, you may respond to that, please.

Mr. Sandberg: Yes. Thank you. I will have to defer a little bit to my colleagues in Treasury Board and Finance, who will be taking over this process, but what I can tell you is that we have been working closely with Treasury Board and Finance. They will be developing the model that's based on, as I understand it, a commonly used statistical process in partnership with Statistics Canada.

In terms of the second part of your question, we are actually meeting with the municipalities that have routinely used a census in the past. Next week Treasury Board and Finance and our ministry are cosponsoring an information session with those municipalities to get their input, to make sure that the model is something that they think will be accurate.

Ms Phillips: So just as a follow-up, then: when does the ministry estimate that they will have that input and have a finalized approach to the provincial estimate model? When do you think that you will be able to communicate that to municipalities so that they can plan going forward?

Mr. Madu: Mr. Sandberg, please proceed.

Mr. Sandberg: Sure. As I said, the information and consultation session will be next week.

Just to be clear, because a number of municipalities went to the effort and expense of doing municipal censuses in 2019 . . .

The Chair: Sorry for the interruption.

We'll now take a five-minute break. I'd just like to remind folks that time flies a lot faster during the break than it does during committee, so please be in your seats.

[The committee adjourned from 10:44 a.m. to 10:49 a.m.]

The Chair: Thank you, everybody. Please take your seats, and we'll begin.

It's 10 minutes for the government caucus' opportunity to ask questions of the minister as soon as he arrives, but the clock is running. I will just let you know.

Mr. Getson: Can we ask questions of the deputies?

The Chair: Absolutely.

Mr. Smith: No slight on you, but I think we'll wait for the minister.

Mr. Wynnyk: Mr. Chair, I'm okay with what was proposed.

Mr. Getson: I think it really comes down to the facilities, Mr. Chair.

The Chair: The limited facilities?

Mr. Getson: Yes. So given the gender bias in the room we might want a seven-minute break.

The Chair: There you go. Well, you have about eight minutes and 40 seconds left, so go ahead, government caucus.

Mr. Yaseen: Thank you, Chair, and thank you, Minister. We were in such a nice discussion, then we got disrupted by the bell. I will go back to the question. The question was with respect to autonomy, municipal autonomy.

Mr. Madu: We're going back to the previous question on municipal autonomy?

Mr. Yaseen: Yeah. I will repeat that question so that you can get back your memory on that.

Mr. Madu: Sure.

Mr. Yaseen: The question was: how is the minister working with the municipalities to ensure we can accomplish our provincial objectives while still respecting municipal autonomy?

Mr. Madu: Thank you, Member Yaseen. I am a great believer in the various levels of government. There's a reason why they are there. We have our priorities and responsibilities at a provincial level, and municipalities have got theirs at the municipal level. You know, I have also said that every council out there in this province is responsible for things that are within their control. As minister I think the Municipal Government Act is quite clear on the expectations placed on the minister, the expectations placed on the mayors and councils and reeves across this province. I respect that. But also the Municipal Government Act has got provisions that in rare circumstances – you know, if there are things that are not going well or your council is not meeting their legislated obligations, the minister may in rare circumstances step in to make sure that that is corrected.

In those situations a municipal inspection – again, the MGA is clear that there has to be an inspection ordered, and then we wait for the outcome of that inspection. If there are serious problems uncovered as a consequence of the inspection, only at that point in time would the minister be able to provide a direction to council with respect to targeting how to fix those problems. I also have the authority to appoint an official administrator to oversee council if it comes to that, but, again, this would require a very unusual set of circumstances. It's not something that any minister could ever contemplate very lightly.

Those things are there for a reason: to ensure municipal accountability whilst respecting the relationship between the provincial government and the municipal government.

Mr. Yaseen: Thank you, Minister. I think you may have answered part of my next question, but I will ask anyhow. Again on page 128 of the business plan, key objective 1.2, it says:

> Support municipalities in continuing to strengthen municipal accountability and transparency through the Municipal Accountability Program, the municipal inspection process, and the annual Alberta Municipalities Measurement Index.

What does your ministry do to deal with poorly performing municipalities?

Mr. Madu: Thank you, Member Yaseen. Building upon my earlier comment, the MGA, which is the Municipal Government Act, is generally an enabling piece of legislation. It puts significant authority, at the same time flexibility in the hands of locally elected municipal councils. There's a reason for that because ultimately, at the end of the day council is accountable to their electorate.

For the most part, you know, the MGA does not provide authority for the Minister of Municipal Affairs to intervene in local decision-making. Again, I think that is a good thing because, as I said before, it is important that we have a system and a process that ensures that councils are accountable to their electorate. That's also the primary reason why my ministry puts so much emphasis on capacity building and training and outreach. We spend a lot of resources on providing all kinds of municipal training to our municipal leaders and councils.

10:55

The MGA, again, does provide some very specific levers for the minister to use to address major concerns where it seems likely that something really wrong may be going on in any municipality. Most notably, I would say that the act allows the minister to conduct an inspection, as I said before, on a municipality to ensure that that municipality is not being managed in an improper manner. Again, if that inspection results in something that is bad, then the minister has got all kinds of options to respond to them. I've been clear, again, to everyone that if it comes to that, the citizens of our province expect us to do that, to make sure that municipal governments are running in a way that reflects the wishes and aspirations of their electorate.

Mr. Yaseen: Thank you, Minister. I agree with you that nothing is better than co-operation and collaboration in that regard. Thank you for your comments.

Mr. Madu: Thank you.

Mr. Yaseen: I will go on to my next question, and that is something very important that's happening right now: the coronavirus. On page 132 of the business plan outcome 4 states, "Alberta is emergency-ready and resilient." Alberta is emergency ready and resilient. Also, on the same page, key objective 4.1 says: focuses on improving "emergency preparedness at the community-level." Down at the community level. With the coronavirus taking over the national headlines, what steps are Municipal Affairs taking to ensure municipalities are prepared for a potential outbreak in our province?

Mr. Madu: Thank you, Member Yaseen, for that question. Obviously, this is a serious concern to myself and to the Premier and all of my colleagues in government. So far I am proud of the level of co-ordination between my ministry, the Alberta Emergency Management Agency, the Provincial Operations Centre, and the health officials as well as those at Alberta Health Services. I can confirm that we do have a robust pandemic plan led by Alberta Health and Alberta Health Services co-ordinated by my agency, the Alberta Emergency Management Agency, and it is supported by all departments. That has already been exercised and recently updated. I am proud of the fact that my deputy minister and the Deputy Minister of Health have struck a deputy ministers' committee that is overseeing all of this and is making sure that we've got all the tools that we need, all of the resources that we need.

We are constantly monitoring what is going on across this country and around the world. Obviously, if we are to have a confirmed case of coronavirus, we would have the resources to be able to respond to them. I want to assure all of our citizens, wherever they may live in this province, that their government is ready and prepared to respond if and when required. That is why, again, we have set out . . .

The Chair: Sorry to interrupt.

We'll now go back to the NDP caucus for a 10-minute block.

Ms Phillips: Sure. Thank you, Mr. Chair. Minister, I'd like to go to page 128 of the business plan, in section 1.4, on the key objective of working with municipalities to ensure that there are "strategies to address unpaid linear property taxes and promote effective municipal asset management practices." Since the last time we met at estimates, we have heard a number of more rural municipalities in particular expressing concern about the tens of millions of dollars of unpaid property taxes. We heard from the reeve of Ponoka, who's also an oil and gas consultant, who indicated that about 40 per cent of the companies not paying their property taxes are not viable but about 60 per cent are. What he has said is that, quote, this is a tax revolt to create leverage to decrease assessment. Within that context and within the context of Al Kemmere from the Rural Municipalities saying, "If Alberta's property tax system is not amended to prevent oil and gas companies from refusing to pay property taxes, many rural municipalities will struggle to remain viable," what are the strategies to address unpaid linear property taxes? Do they go beyond just simply referring municipalities to the Municipal Government Act and going through the courts, or are there other strategies that the department is going to implement? I seem to recall that we talked about this in November, and nothing has changed. When can municipalities expect action in terms of specific dates or windows of time so that we can begin to address this problem?

Mr. Madu: Thank you, Member Phillips, for the question. There is no question that this is a serious problem but one that I think each and every one of us right here can agree stems from the difficulty that we see in the oil and gas sector. That's why as a government we have focused attention on making sure that we resolve the underlying problems that face our oil and gas sector. When we say that it's very important for us to protect our vital economic interests, that is true, and we mean it. I hope that all of us, whether you're on the government side or on the opposition side, can use this as a classical example of why we need to work together and support that particular industry, because when they blink, it has got consequences on our communities. I think that it would be foolhardy for anyone to sit here or in this province and deny that what is going on globally is not impacting that particular sector. But also the more reason why as a government and as a people we've got to do everything we can within our control, on those things that are within our control, to make sure that that particular industry is doing well.

The government is very concerned about the issue of unpaid taxes. I have spoken about that in public before the RMA and the AUMA, and as Minister of Municipal Affairs I am looking to develop all kinds of options to better address the specific gap that we find. But I think it's important, and then I want to go back to the underlying circumstances. That is why I was extremely disappointed, you know – I believe there was a motion put forward by my colleagues earlier this week to provide a utility corridor, and I was saddened to see that the members opposite voted against that particular motion because those are the types of things that would help that oil and gas sector. In those communities that rely on linear taxation to fund programs and services, we must work together to make sure that those industries are viable. So we are developing our plans to deal with it.

Ms Phillips: Going back to the question and key objective 1.4 in the business plan, it says here: developing "strategies to address unpaid linear property taxes." There are a couple of things that the Rural Municipalities Association has been asking for, and one of them is that they are looking for an amendment to prevent oil and gas companies from refusing to pay over and above the powers that they now have. I seem to recall when we had this conversation last fall on this topic that, again, the minister did express regret and concern – if there's anybody out there not paying their taxes, refusing to pay, that can't pay, that's a problem – and committing to at least responding to the RMA's call for action on this.

Now I'm wondering, a few months later, what are the actions being taken specifically and when can rural municipalities expect a date or a window of time for an announcement to be made around what they are asking for, which is amendments either through the MGA or other provincial tools to close these loopholes? Because what we're hearing from the municipalities is that the majority of these unpaid taxes are coming from companies that are viable, unless we're here to have an argument about the relative expertise of the reeve of Ponoka. So when are we going to see some of those strategies that are outlined in 1.4?

11:05

Mr. Madu: Member Phillips, I have been clear that it is unacceptable for anybody out there or any company out there to not pay their taxes, but at the same time I've also been clear that there isn't any easy fix to this problem, as you can understand the complexity of this problem. It's something where we have to be thoughtful, we have to be deliberate, and we have to make sure that, at the end of the day, we come up with a solution that strikes the right balance between the needs of our municipalities to be able to recoup their unpaid taxes but also to ensure that companies that operate in those communities are viable. What I would not want to do is to have them back on the policies that lead to further bankruptcies because when an oil and gas company goes bankrupt in a particular municipality – guess what? – linear taxation comes to zero. I am not going to be that particular minister that makes decisions on the go just because there is an identified problem.

I agree completely. Companies that operate in Alberta's municipalities must pay their taxes. I have had this conversation with the RMA and the AUMA, and I agree with them. We must find a solution. Now we're working to come up with a solution that strikes the right balance.

Ms Sweet: Thank you, Mr. Chair. Thank you, Minister, for being here this morning. I just have a couple of questions. I'm actually following up – and I'm glad to hear that both sides of the House are concerned about this question – for Member Yaseen in regard to the coronavirus. I'm just wondering if you can walk us through the role of the Provincial Operations Centre. We understand what they do with wildfires, because obviously we've seen the great work that they've done historically in responding to wildfires. Is their role similar with the coronavirus? Like, can you maybe walk us through what that looks like?

Mr. Madu: Yeah. Before I pass this question to one of my staff, Andrew, let me say that I had the opportunity – I believe it was a couple of weeks ago – to visit the Provincial Operations Centre to better understand the scope and level of co-ordination that they are able to provide in the event of a pandemic. Whilst I was there, you know, I saw staff from Health, from various ministries, from the federal government, from all kinds of NGOs, all putting their heads together to make sure that they are scoping out this problem very well and that they are prepared. So I can assure the public that the Provincial Operations Centre is very much ready and that that work is ongoing as we speak.

Andrew, do you have anything to add?

Mr. McGregor: Hello. In 2019 we did an emergency exercise that actually did pandemic. So we did it one year ahead. We actually exercised that system and went through.

We recently had EMX 20, which was just done last week, and at that we had representatives from AHS and Alberta Health. They went through detailed updates on what they're doing on coronavirus to communicate that to staff, and then at the same time, just to give you an idea, we are elevated to level 2. So we are watching. We monitor the situation 24/7, we get information, and we provide input out to stakeholders.

Ms Sweet: Thank you so much for the response. I do want to acknowledge – and I feel probably it's fair to say from all members in the House – how much we appreciate the operations centre and the work that happens when it comes to firefighters.

The Chair: Thank you very much, Member.

We'll now move on to a 10-minute block for the UCP government caucus, starting now. Mr. Smith, go ahead.

Mr. Smith: Okay. Can I go back and forth with the minister, through the chair?

The Chair: It's up to the minister.

Mr. Madu: That's very well, Member Smith.

Mr. Smith: Okay. Well, first of all, I think what I'll do is that I'll just finish off the conversation about the coronavirus just for a second here. If nothing else, we want to say thank you for the work that you're doing in preparing for the safety of this province and for all of the people under your department that are responsible for that.

Mr. Madu: I appreciate that, Mr. Smith.

Mr. Smith: I know that from a family perspective this has brought back some very fond memories for me, this conversation, because my father-in-law, who has passed away, in the 1970s was the head of what they then, I believe, called Alberta disaster services, Lieutenant Colonel Hal Henney. Hearing about the Emergency Management Agency and the things that we're doing here has brought some really good memories, so thank you.

Today I want to focus a little bit on the red tape reduction that we have talked a lot about as a government, so I'm going to be referring to key objective 2.3 in the minister's business plan, on page 130. On that page of your business plan you talk about red tape reduction within your ministry. At the last estimates you said that you had made 79 changes to cut red tape. Do you have an updated figure? And maybe you can elaborate on that a little bit.

Mr. Madu: Absolutely, and thank you, Member Smith, for the question. Obviously, we started by conducting a baseline count of regulatory amendments that place all kinds of burdens on Albertans and businesses. Now we are shifting our focus on making reductions. And you are correct. I can report that as of March 3 of this year Municipal Affairs has made 260 reductions, that are reflected in that particular count, from the 79 previously reported. So we've made tremendous progress.

We have a target of 1,106 reductions by April 1, 2020. We have several initiatives under way and expect to meet this particular target, and that is why my office is working very closely with the Associate Minister of Red Tape Reduction, the hon. Grant Hunter.

You know, we want to make sure that we run the most efficient government, reduce costs on our municipalities so that in return those savings can be passed on to their residents. So this is important work that we must continue to focus on.

In addition to the 260, Member Smith, we have been focusing on making meaningful change for industry and community partners, which means actually adding or maintaining regulatory requirements. For example, in February 2020 we provided industry an additional option by allowing builders to build with mass timber. You know, the 12-storey wood buildings?

Mr. Smith: We're going to be looking at that in a second.

Mr. Madu: You're right.

This gives industry more flexibility. It came with additional regulatory requirements as it must ensure safety. So we are doing everything we can at the ministry, and I want to commend my departmental staff because all of us agree that this must be a standing agenda item on every, you know, deputy minister's, minister's mission that we have. There's no single one of them that were done despite the progress that we are making to make sure that we are meeting our red tape reduction strategy.

Mr. Smith: Just one real quick additional question here. You say that you've got 260-plus red tape reductions. You said that by April 1 you were going to be moving toward – what was the number you gave there?

Mr. Madu: About 1,000.

Mr. Smith: Of this year.

Mr. Madu: Yeah. Of this year.

Mr. Smith: Wow. You guys must be working really hard.

Mr. Madu: Dale, do you have anything to add on this, please?

Mr. Beesley: I don't think I have anything to add on these particular numbers here.

Mr. Madu: Okay. Good

Mr. Smith: Well, we look forward to hearing you talk about this again in April.

Mr. Madu: Yeah. And the reason why that is important, Member Smith, is because we take this issue very seriously. You know, I fundamentally believe that we have a lot of red tape that impedes economic development, that adds unnecessary costs and layers upon layers of red tape. At a time when our economy is struggling, we have to be laser-focused on making sure that we remove all of those obstacles that impede economic progress.

Mr. Smith: Well, I look very forward to hearing you talk about that in the future as well as, perhaps, some examples of the kinds of savings for businesses and the encouragement to business that that is going to have as we move forward.

Okay. My second question is this. In January you announced that the province will allow wood buildings up to 12 storeys. You just brought that forward. So we're going from six to 12. Do any other jurisdictions allow 12-storey or more wood buildings?

11:15

Mr. Madu: In December 2019 British Columbia began to allow mass timber construction in municipalities that had applied to participate in a pilot project and comply with a set of provincial government conditions. The rest of the province would have to wait until the adoption of the next building code, likely in 2021 or 2022. This is a stipulation of the national building code. I think that in order to make sure that we are encouraging our forestry industry, especially given the circumstances that we find ourselves in in this province, we've got to do everything we can to make sure that we are incentivizing every sector of our economy.

Dale, anything else to add? Please, step forward. Dale is my assistant deputy minister responsible for this area.

Mr. Beesley: Hi, Mr. Chair. Dale Beesley, assistant deputy minister, public safety. Upon announcing the variance that the minister referred to for 12-storey wood, the government of Saskatchewan immediately contacted us and have asked to also issue a variance province-wide to remain competitive with Alberta so they can build 12-storey structures ahead of this construction season.

Mr. Smith: Thank you. Well, it's interesting because I know that we had Minister Dreeshen here yesterday, and he was saying that the forestry industry hasn't met its quotas for wood and cutting in the last year or so. This could provide a new incentive for forestry to start meeting those quotas.

Mr. Madu: Absolutely. I can confirm that I have received letters from key industry leaders across the province, even across the country, commending Alberta for taking this step.

Mr. Smith: Okay. I guess, does the ministry have an estimate for how many jobs this will create? Do you have any kind of idea about that?

Mr. Madu: Yeah. These are numbers that I believe we received from industry, which is that it will add about 400 jobs.

Mr. Smith: Four hundred jobs. Okay. Can the minister provide us with other examples of projects that will be utilizing this new measure?

Mr. Madu: Dale, do you want to step forward, please?

Mr. Beesley: You're talking specifically about projects that will be using the 12-storey wood? As, like, illustrative examples, a good illustrative example we would have is in a smaller community on the outskirts where they'd be looking to build a hotel or a small motel, usually with no parkade underneath. Probably right now it's not financially viable to build it at six storeys, but perhaps it is at seven or eight or nine or 10, without compromising public safety.

As the minister said, there's been some rigorous work done at the national level on these codes. These codes will come into adoption next year, and this allows us to get ahead of the construction season.

As you referred to, Agriculture and Forestry has been very supportive, as has the Alberta Forest Products Association, a number of vendors. For those 400 jobs there are usually about 60 people on the construction site, but there'd be 400 people touching the wood from the time it gets cut down in the forest to the trees. Also, building these things in Alberta prevents us from sending the wood down to the United States, which puts a 20 per cent tariff on the wood.

Mr. Madu: Let me also, Member, submit that we have also heard from developers, designers, and contractors that have expressed strong interest, to my staff and to industry associations like the Alberta Forest Products Association, regarding the high-rise mass timber construction. In fact, after this announcement many reached out to ask, you know, how soon they could commence construction

of high-rise mass timber buildings. You can see there's a lot of interest out there, and I'm hopeful that this will generate the required economic activity.

The Chair: Thank you, Minister.

We'll now move on to the NDP caucus for a 10-minute block.

Ms Sweet: Thank you, Mr. Chair. Just to follow up, Minister, I have two quick questions. In regard to the POC, Provincial Operations Centre, when it is being staffed outside of what we would say an emergency response would be, how many staff are actually in the centre on a given day? Do you know?

Mr. Madu: Andrew, please.

Ms Sweet: Like, do we have daily staff that are there?

Mr. McGregor: We do have staff that are doing the work in that division. It's about 40.

Ms Sweet: Does that double or triple during a response?

Mr. McGregor: I would say it could go easily to triple. At the last exercise it went to 175.

Ms Sweet: We went from 40 people to 175.

Mr. McGregor: And of the 40 there are some field officers that do go out to communities, so they're not all situated right in the building at any one time.

Ms Sweet: Right. And, of course, seconded from different – well, not seconded, but from different ministries when they're doing the response.

Mr. McGregor: Yeah. On an activation, when it moves up to a certain level, we have crossgovernment co-ordination, and other departments show up and provide a role.

Ms Sweet: Perfect. Thank you so much.

Minister, last year we saw that there was $122 million that was allocated to building a new provincial response team. This came out of the actual Fort McMurray wildfire report, that was done by MNP LLP, indicating that the POC rebuild in a new facility was a high priority in response to emergency responses. What we have seen now is that that money has been cut due to what I would say would be probably fiscal responsibility on behalf of the government. My question is: given that this is what would be a provincial war room in response to emergency responses such as wildfires and maybe pandemics, would the $120 million given to the Canadian Energy Centre not be a better use to be given to the POC? It's equivalent.

Mr. Madu: I can understand why you would want to link the work of the Provincial Operations Centre to that of the Canadian Energy Centre, but I think it is precisely because of comments like this that I for one very much encourage, you know, that we strengthen the Canadian Energy Centre to make sure that we continue to advocate for a critical sector of our economy because at the end of the day the bulk of the money that we spend comes from that essential sector.

You talked about the $122 million that was earmarked for a new Provincial Operations Centre and that we had to make a tough decision to delay at this point in time. Again, because I have had the opportunity to visit the Provincial Operations Centre, if I for once think that it doesn't have the capacity or the equipment or the staff, you know, to be able to respond to any emergency, I think I would make different calculations. As you can tell, we just responded to a massive northwest wildfire from that particular centre – let me finish, though.

Ms Sweet: I hadn't said anything.

Mr. Madu: I don't think that we had any gap, but again . . .

Ms Sweet: Oh, Minister, I'm not at all saying that this is about the staff's capacity to do their work. What I am saying, though, is that there was an independent review, which I believe this government likes to do quite often around consultation and having panels created. Well, we had an independent review saying that the Provincial Operations Centre was a high priority to have extended. The Canadian Energy Centre has, like, six or seven staff. The Provincial Operations Centre has 40 staff, with the potential to go up to 175 staff during a crisis or emergency response. This is about space. This isn't about the ability of our officials to respond effectively, because I believe in their expertise and their ability to do their jobs. But I think it would be nice for them not to have to work in a five-by-five space to be able to do that efficiently. That's all I'm saying.

Mr. Madu: I'm not sure if you've had the opportunity to visit the POC.

Ms Sweet: Yes. Our government was at the POC quite often, actually.

Mr. Madu: Listen. Listen. Again, you can tell that if I think that a current structure is not serving its purpose, I will make that recommendation. The recommendation by the study is a recommendation for us to consider having a new Provincial Operations Centre. It is one that . . .

Ms Sweet: And the cost is equivalent to the Canadian Energy Centre.

Mr. Madu: It's one that is important. Again, you keep going to the Canadian Energy Centre.

Ms Sweet: Well, because the cost is the same. It's $122 million and $120 million.

Mr. Madu: No, because we have a responsibility now, I will argue, a moral responsibility to protect and to advocate for our critical energy sector.

Ms Sweet: And we have an ethical and moral responsibility to protect Albertans from wildfires and potential pandemics. I think that has a higher rate for Albertans than having a Twitter account on the CEC. This is about protecting Albertans from disasters.

Mr. Madu: We did that so well with the recent northwest wildfire. As minister I am very much committed to protecting the safety of our people and our communities, and I will do everything within my power to make sure that we keep our people safe. I will not waver on that. You are talking about a building that is still functional. I will be responsible and prudent in how we spend taxpayers' dollars. If I come to the conclusion that we need a new building tomorrow, I will make that recommendation. At this point in time, we do have a fiscal mess that we inherited from the previous government, and we've got to solve that particular problem because it's making it impossible for us to be able to look at stuff like this. Unless we address the physical challenges that we face, then it's going to be very difficult for us to continue to fund some of these programs and services. That is why we are focused as a government in making sure that we rebuild our economy.

11:25

Ms Sweet: Okay. I'm going to throw it to my colleague Member Phillips.

Ms Phillips: We have on page 132 of the business plan, around "Alberta is emergency-ready and resilient," a number of key objectives. We've just heard from the minister that it is more important to invest in the Canadian Energy Centre than a Provincial Operations Centre designed to respond to the breadth of emergencies . . .

Mr. Loewen: Point of order.

The Chair: Point of order noted. Go ahead, Member.

Mr. Loewen: Yeah; 23(h), (i), I guess, would cover it: makes allegations towards another member; imputes false or unavowed motives. I think the minister clearly said that that wasn't true in the response, and the member repeating it is just purely inflammatory and does not lead to great discussion happening here at estimates.

The Chair: Thank you.
Defence?

Ms Phillips: I'll rephrase.

The Chair: Thank you very much. Continue.

Ms Phillips: To rephrase that, then, we have a number of recommendations here on page 132. We have a decision to halt the construction of the Provincial Operations Centre, which stemmed out of the MNP report, which was a very detailed analysis of how this province responded to the Fort McMurray wildfire. I'm wondering if, within the work of meeting these key objectives around emergency management, the department has prepared any other list of ways that current cuts or changes diverge from the report around the Fort McMurray wildfire, because this is a significant divergence. This was a significant recommendation, post Fort McMurray wildfire, that this government has cancelled. Are there any other places where these key objectives diverge from that advice, that professional third-party advice, that was given after the Fort McMurray wildfire?

Mr. Madu: We continue to implement the best practices to make sure that we are able to respond to emergencies and natural disasters when they strike. It is a responsibility that myself, the Premier, and our entire government take very seriously.

Again, I would want to, you know, go back to my earlier comment. Member Phillips, you were part of the Executive Council that racked up billions and billions of dollars in debts and deficit. At the end of the day, the previous government has put us in a very tough situation, to have to make difficult choices that the previous government refused to make to make sure that we manage our tax dollars in a prudent, responsible manner.

As I said before, if I think for one second that as we speak today, following my visit and what I know about the Provincial Operations Centre and the work we did recently with the northwest wildfire, a new building is what is needed now more than anything else, you can bet that that would be proceeding. I have not ruled out a new Provincial Operations Centre. It is very important that I make that clear. What I have done is to say that given the physical challenges that we face, given the multibillion dollars of debt that we have, given the multibillion dollars in debt-servicing costs that we have, and given the fact that there isn't any difficulty faced by the Provincial Operations Centre in being able to respond to emergencies from that particular building, it is not something that we need to devote $122 million to at this point in time. Again, that has not been ruled out when that becomes a necessity.

Ms Phillips: I'm not hearing an answer to the question of any other places where the key objectives of emergency management diverge from the report on the Fort McMurray wildfire. That was the question: whether the department has done an analysis on what other recommendations they're refusing to implement . . .

The Chair: Thank you very much, members.
We'll now move on to a 10-minute block for the UCP caucus.

Mr. Smith: Thank you, Mr. Chair. Can I continue my questioning with the minister?

The Chair: Absolutely.

Mr. Smith: Thank you very much.
Mr. Minister, through the chair to you, we were talking about red tape reduction and how we've been dealing with wood buildings and structures that are now going to be able to go up to at least, I believe, 12 storeys. Is that correct?

Mr. Madu: Yes.

Mr. Smith: Yes. Okay. I remember that when this came out, there were some concerns voiced by some people – and I know that you've heard those concerns – about a 12-storey wooden structure and the potential issues that could come from that, the fire hazards, et cetera. How are you as the minister going to assure Albertans that their safety will not be compromised while taller wood buildings are being constructed? How are we going to deal with that issue of safety as these buildings are being constructed?

Mr. Madu: A very good question, Member Smith. I can assure that our top priority and certainly for myself as Minister of Municipal Affairs is the safety of Albertans. I have given careful consideration and thought in developing this variance. We consulted and reached out to all of the required stakeholders, including firefighters, to make sure that there isn't anything in this particular variance that will compromise public safety, and I am confident that advancements that we have made in fire protection and wood product technology mean that we can build taller wood buildings without compromising safety. After all, that is why it was a recommendation by the national safety council. This is not something that Alberta just manufactured from out of the blue. It was a recommendation. This was going to happen once the new set of variances, you know, issued by the national safety council went into effect. All that we have done is go a little bit faster in an effort to make sure that we help an industry that needs our help while at the same time ensuring the safety of residents and buildings.

Mr. Smith: Just to confirm one last time, you believe that you've found that magic sweet spot, that you can move forward with the safety of Albertans as well as an industry that's going to be encouraged?

Mr. Madu: Absolutely. You know, we worked with the National Research Council to develop this variance. Again, I am confident that we have struck the right balance between the need to protect our communities and the need to ensure that we give our forest industry the tools that they need to do better.

Mr. Smith: Thank you, Mr. Minister.
Mr. Chair, I will cede my time to the next person in our caucus.

Mr. Loewen: Thank you very much, and thank you, Minister, for being here today, and thank you to the staff, too, that have taken the time to be here and for the answers they've provided so far today.

When I look at page 131 under outcome 3, key objective 3.4, it talks about: "lower regulatory costs on new housing." I think you've stated in the past that you would be undertaking a review of the residential protection program, so I just want to get a bit of an update on the progress of that review, where you're sitting with that and what kind of timeline you have and the progress that you could report at this time.

Mr. Madu: Thank you, Member Loewen. That is another area that is important to me. We are continuing to listen to Albertans, and given that the residential protection program was introduced five years ago, it's a good time to look at how well it is working. We have heard from a number of Albertans, and I can also inform this body that I have received letters and e-mails from regular Albertans with concerns and complaints with respect to this particular program, and that's why I've authorized a review of this program, to make sure that the supports that were envisioned by this program with respect to home warranty providers are there with respect to major construction problems with their homes. We are listening. Again, that work is ongoing.

Dale, you are responsible for this area. Do you have anything further to add?

11:35

Mr. Beesley: In terms of the RPP, we have an RPP advisory group, which is made up of department officials from Service Alberta from the consumer protection angle; from Treasury Board and Finance the superintendent of insurance; and also industry partners from the Insurance Bureau of Canada, warranty providers' associations, consumer groups, condo boards, and at the minister's direction we're working closely to come up with some recommendations around the residential protection program.

The residential protection program also includes builder licensing, which allows builders to register and maintain standing in good order to build homes, and if they are not, that building licence is revoked. We are also looking at the efficiencies of that program, but most of the focus is on the warranty program to make sure that we strike the right balance. As the minister said, it's been on for five years, and it's time for the review.

Mr. Madu: If I may also add, Member Loewen, part of my direction was also for staff to work with Service Alberta, with Treasury Board and Finance to address roles and responsibilities with respect to this review. There will be a report, and that report will outline recommendations for program improvement, which will be provided to me for consideration. I will work with my department officials, you know, to implement those options.

But let me also say this. This government is committed to standing up for Albertans, especially when it comes to protecting their homes, one of the most critical, major investments anyone can make. So it's very important that we get this right.

Mr. Loewen: Okay. Thank you very much. I think that it's great to have this opportunity to review that after five years and, of course, listening to Albertans and consulting with these other organizations, that obviously have, you know, at least an equal amount of concern for the resident protection program. That's a great initiative. Thank you.

Now, I think that in the past you also talked about going through the Municipal Government Act and other legislation to look for ways to reduce red tape and, in particular, to see if we could shorten the time frame it takes to get a permit for home builders to build. Obviously, it's important that when somebody decides to build a home, that process starts as soon as possible and that they're not burdened with paperwork and, you know, lengthy reviews and things like that that don't actually help in that process. Could you provide an update on that review? Have you started that? Where are you at with that?

Mr. Madu: Absolutely, Member Loewen. You're absolutely correct. You know, again, this is one area where I have heard a series of concerns and complaints not just from citizens but also from industry. So as part of Municipal Affairs' overall red tape reduction efforts, my ministry is undergoing a line-by-line review of the Municipal Government Act. This review will allow us to streamline and improve one of Alberta's longest pieces of legislation. The MGA is a huge piece of legislation, and over the years we've added a lot of regulations to that piece of legislation. Through this process we will be engaging with our municipal partners, of course, and business and industry to ensure that we are making the right decisions as to how we can make it better, because at the end of the day, when you have legislation that guides how we issue permits, whether for citizens who are in the construction industry or developers and all of those things, we don't want to overburden them with unnecessary paperwork that is drowning them.

There's a much more technologically advanced way that we could deal with all of this, and I think that's what I would prefer to do and also, you know, to make sure that they are able to obtain these permits in a reasonable time. I have heard concerns about permit applications, about it taking up to eight months, 18 months, 24 months just to get a permit. So there are some things not right with that particular process, and we need to make sure that we do everything we can to fix that problem. Absolutely, that work is under way.

Mr. Loewen: Okay. Sounds good. Thank you. Yeah, obviously, when people have a desire and the money to build a home, I think it's our duty to get out of the way and make sure that they can accomplish that.

Changing gears here just a little bit, on page 129 of the business plan, under Initiatives Supporting Key Objectives, the ministry mentions the Alberta community partnership and how it provides targeted funding.

Thank you.

The Chair: Sorry to interrupt.

We'll move on to a 10-minute block for the Official Opposition. Go ahead, Mr. Nielsen.

Mr. Nielsen: Thank you, Mr. Chair.

If the minister is agreeable, back and forth?

Mr. Madu: That's okay with me, Mr. Nielsen.

Mr. Nielsen: Absolutely. Thank you, sir. I just wanted to circle back around to what Mr. Smith was talking about with regard to 12-storey wood structures. We heard you say just a few minutes ago that you had consulted with all relevant industry stakeholders around the bill that was brought forward to enable 12-storey structures, including speaking with firefighters. Now, of course, at the time when that bill came out, we also had the former chief of police in the city of which you are also a resident come out publicly saying that he wished you had consulted with him around this legislation that was being proposed. I'm just kind of wondering why you've said that you've consulted with firefighters, yet when I attended his retirement party here just at the end of January and

spoke with him as well as other firefighters within the industry, they said: no, we have not participated in any consultations on this. Was that a little inaccurate, or are you still saying that you've consulted with front-line firefighters?

Mr. Madu: Yeah. Absolutely, you know, I maintain that we did consult, including with firefighters, and I can't speak to why anyone, including the fact that you referenced, would say that. What I can speak to is that I think, again, there was a second statement issued by their association confirming that indeed they had been consulted. I think it is normal, when you embark on consultations, that there will be folks who may come to the conclusion that they may not have been consulted in the way they would want to be consulted. Again, the mechanics of how we consult is something that I leave with my departmental officials, but I am confident with the level of consultation that went into, that informed this decision. We heard from everyone that we think we needed to hear from, and all of that formed the basis for this decision.

Again I would have my assistant deputy minister, Dale, step forward if he has anything to add.

Mr. Beesley: Just for a bit of context, the codes that we're talking about are national codes. These are developed by the National Research Council with federal, provincial, and territorial employees and officials. So the Canadian fire marshals would have been consulted, the Canadian fire chiefs. Everybody has an association that feeds up. It is the responsibility of these Canadian national associations to work with provincial members around the code development. The matter the minister referred to specifically was that the Alberta Fire Fighters Association had expressed some concerns in the media following a variance being issued. Following that, at the minister's direction officials did meet with the Alberta Fire Fighters Association to discuss the merits of the fire safety protection.

Specifically and technically, what this group was concerned about were the products on-site during construction. Part of the new national fire code has a water supply mandatory on-site the minute that the combustible materials show up. Also . . .

Mr. Nielsen: Sorry to interrupt. Roughly when would that meeting have occurred?

Mr. Beesley: The variance was out on I think January 24, and I think the meeting with the Alberta Fire Fighters Association would have been within a week. They did thank senior officials for meeting with ministerial officials, and they were satisfied the public safety had not been compromised. The date of the meeting is probably on their Twitter feed if you wanted to look that up.

Mr. Nielsen: Thank you. I'll follow up with them on that.

Just quickly around red tape reduction, Minister, obviously in the second paragraph on the first page of your section in the business plan, page 127, you mention about reviewing red tape and whatnot. I don't know if you noticed, but that paragraph happens to be virtually the same paragraph throughout each and every single ministry. I found that a little bit odd.

Also, with regard to your red tape it seems that every mention of it throughout this business plan is virtually identical to your last business plan. I guess that when I'm looking on page 130, under performance metric 2(a) you've got some targets here. Like you said in your last one, you're establishing a baseline count. I thought I heard 1,000 mentioned. Was that the baseline count?

Mr. Madu: Yeah. What I said was that by April 2020 we would have gotten to a little bit more than a 1,000 count, yes.

11:45

Mr. Nielsen: Okay. Were there any staff requirements with regard to performing this, or were any kind of resources from the red tape ministry sent either in staff or in terms of dollars to have staff to be able to achieve this?

Mr. Madu: As you can agree, we have a provincial government focus on red tape reduction. That is why we created . . .

Mr. Nielsen: Sorry to interrupt. Just time is short so there . . .

Mr. Madu: Hold on. Hold on. I allowed you to ask your questions, Member; now you'll allow me to respond to your question.

Mr. Nielsen: You're not responding to the question I was asking. Are there resources that have been sent from the red tape ministry?

The Chair: Gentlemen, please.

Mr. Madu: I am responding to your question. You know, it may not be what you want to hear, but I will provide the answer to your question. We are working closely with the red tape reduction ministry, and every government ministry is doing that. We have devoted significant resources and manpower and other resources to make sure that there is province-wide co-ordination across ministries, and that work is ongoing.

Mr. Nielsen: It sounds like there were resources from the ministry. I would have liked to have seen some dollar figures on that.

Chair, I will pass any remaining time over to Mr. Ceci.

The Chair: Go ahead, Mr. Ceci.

Member Ceci: Yeah. I think we have the additional information with regard to GIPOT numbers for the other five communities. Minister, I think your assistant deputy could read them into the record.

Mr. Balderston: Sure. Mr. Chair, for grants in place of taxes for Red Deer it's a reduction from last year's budget to this year's budget of $267,000; Lethbridge, $204,000; Medicine Hat, $226,000; Grande Prairie, $84,000; and Wood Buffalo, $311,000.

Member Ceci: Thank you very much for doing that.

You know, just to continue with that part of that issue, on behalf of municipalities in Alberta I've been trying to drill into an important outcome, number 1, in your business plan, Minister, which is – and I'll remind you of it – to ensure that "Albertans live in viable municipalities and communities." But from your previous answers it's clear to me that you aren't tracking the total cost of your government's downloads and cash grabs on municipalities, and this is an example of one of them with regard to GIPOT.

It's clear to me that there are costs across all of government that will directly impact property tax payers, ratepayers in this province, and as a minister I would think that you would want to know that rolled-up number so that you could be an advocate and a champion for municipalities to make sure that they're viable and healthy long into the future and that they don't dissolve. This information is something I believe government should know, should be sharing with municipalities across the province so that they can tell their ratepayers, you know, what your government's policy of downloading and cash grabs is impacting, or the portion it is impacting on their property tax bill. Instead you're leaving it for municipalities to piecemeal this information, to be behind the eight ball, and frankly, to take the brunt of upset property tax payers, who

will look at their property tax bill and say: local council, why has it gone up so much?

Across this province people on councils are saying: we're going to put inserts into our property tax bill that clearly outline what this provincial government is charging you that we had no decision in. I wanted to give you the opportunity in the few minutes that this side has left to answer to Albertans, who will be opening up their property tax bill and looking at it and saying: "Local councillor, what are you doing? You're raising my taxes." They're going to be saying back to those ratepayers: you know, go talk to Minister Madu and go talk to Premier Kenney.

Mr. Madu: Yeah. Member Ceci, it is quite rich coming from a former Finance minister that, you know, imposed the largest tax increase on our people . . .

Member Ceci: Time has moved on. You're there now.

Mr. Madu: . . . without giving them any heads-up, increased taxes by 20 per cent on every single thing that moves in this province.

Member Ceci: You just did the same thing.

The Chair: Thank you very much. I'm sorry to interrupt.

We'll have 10 minutes with the UCP caucus starting now. Go ahead, Mr. Getson.

Mr. Getson: Perfect. Permission to go back and forth with the minister?

Mr. Madu: Very well, Member Getson.

Mr. Getson: Well, Minister, they say that Christmas only comes once a year, but I think this time, this year it's been coming oftentimes. The one that I'd like to talk about, if I can, is on page 130 of the business plan. Now, I'd like to read this because I'm not sure if many folks in the room or potentially the folks at home know the significance of this pilot project that you're producing. Honestly, it's like literally unwrapping a Christmas present for me.

> The ministry will convene a working group with representation from other Government of Alberta ministries and external stakeholders (including the Alberta Industrial Heartland Association and the Northeast Capital Industrial Association) to develop a pilot project in the Edmonton region that will identify procedural efficiencies, and explore potential legislative changes to facilitate these pre-approved industrial zones throughout this province.

I don't want to steal your thunder on this, but the way I'm seeing this is that it's the logical and natural extension from a motion that I put in place this week in the House talking about transportation utility corridors, tying in our resources, getting them to market. This is literally, in my understanding right now, the extension of that and how you actually bolt on that system. If it's the understanding that I have on this – and why I'm so excited about it, quite frankly, is that if this is the intent, then that would facilitate and speed up all those applications and processes to allow the pet-chem side of things, to allow those areas to come free and forward and be more faster moving and to give certainty in the marketplace. If we have that extension, this is literally the chess set being set and setting up the field for success.

With that, can the minister explain this project and the potential to its members? I hope I didn't steal your thunder, but that's kind of how I'm seeing it, so I hope I'm seeing it the right way, sir.

Mr. Madu: No, Member Getson, you're absolutely correct. You know, this is very important work. That's why my ministry has brought together other key ministries such as Transportation, Environment and Parks, Energy, and Economic Development, Trade and Tourism along with the Industrial Heartland Association and the Northeast Capital Industrial Association to develop a path forward that facilitates these industrial zones. We're relying on the expertise from these two associations to help guide how we make it easier for industrial development to occur in this province. We're also working internally to align this work with the ongoing red tape reduction efforts across government. Ultimately, you are correct. This work would mean that future industrial zones would be easier to get off of the ground and spur on economic development in Alberta and make sure that we are removing all obstacles to economic progress and development. You are bang on on this.

Mr. Getson: Minister, if it wasn't out of protocol I'd probably run over and give you a big hug. This is exactly everything that we campaigned on. This is exactly everything that we've been working toward, and I'm so, so darn proud to hear this and to be able to read this.

Then, again, I guess the next part of that: even though we're doing this in the Edmonton area, is there potential for the rest of this to be applied elsewhere, and how could it greatly impact the rest of the province?

Mr. Madu: Yeah. You know, it is true that we are working with the two associations that are located in Edmonton. These are also the two most mature associations in our industrial zone, and they have a significant amount of experience and understanding of the regulatory system and what we need to do in order to improve the business environment. But I am hopeful that, should we succeed with this effort, we can be able to replicate this across the province because we really need to do everything we can to incentivize municipalities and our business community to provide the conditions necessary, I mean, for us to be able to do well, build stuff, reimagine things. After all, I've already said that we are a province that never takes no for an answer, and we can do this again.

Mr. Getson: This is fantastic. This is strong and free working together, sir, in its best. Like I said, this is an early Christmas present the way I'm looking at this. This is fantastic. Thank you.

Mr. Madu: Thank you.

Mr. Getson: With that, I think I'll turn it over to MLA Rosin before I gush anymore about how good this is.

Thank you.

Ms Rosin: Perfect. Well, one more question before we close the day, Minister. As you know, I represent the bulk of Alberta's mountains, and as such we've got tons of hikers, bikers, skiers, rock climbers, you name it. As a direct result of that, we definitely use our fair share of 911 services out my way. I'm just wondering, on page 132 of your business plan objective 4.6 is to ensure that Albertans have access to 911 call centres to support the services that they provide to Albertans. I'm just wondering if you can speak to how this objective is being met.

11:55

Mr. Madu: Sure, and thank you, Member Rosin, for that question. The Emergency 911 Act established a provincial monthly 911 levy on cellphones. That came into force on April 1, 2014. There are two regulations under the act. The emergency 911 levy regulation administered by Treasury Board and Finance sets out the process for the collection, reporting, and remittance for the 911 levy by

wireless service providers across the province. Obviously, this is a very important program because we have to make sure that it doesn't matter where you live in this province and it doesn't matter which community you reside in; you are able to have this program, you know, to call law enforcement so that they can respond in real time. Many of us live in very rural communities. They're oftentimes far from the urban centres. It should not matter where we live. We should have quality programs that all people across this province can access.

There are twenty 911 call centres in Alberta. You know, the funding paid to 911 centres comes from a 44-cent monthly levy on cellphones. All program and service expenses are also paid out of the levy that is raised and not general government revenue. This is one program that I am really very proud of because we've got the opportunity to make sure, again, that our people have the assets, the tools they need to call in for help when they need it.

Ms Rosin: Perfect. Thank you. That's my last question for the day.

I'll pass it off to Member Rehn with our last few moments.

Mr. Rehn: Yes. Minister, on page 130 of the business plan the ministry mentions that the Safety Codes Council is going to be taking on a large modernization of its website to provide a much more streamlined and efficient service for the public safety code officers, accredited municipalities, and corporations. Regarding this undertaking, how needed was this modernization?

Mr. Madu: Again, this is no doubt needed at this point in time because the public safety code officers and accredited municipalities and corporations all have responsibilities under the Safety Codes Act. You know, to carry out those activities, they require information and services from government. Designers and builders need to know what codes and standards they must follow. Safety code officers who are employed by municipalities need to be aware of the codes and standards they are inspecting to. Previously designers, builders, and safety code officers would need to purchase these codes. The building code previously cost $240; the fire code, $220; and the energy efficiency code, $260. Now they are available for free on the Safety Codes Council website.

The website is also improving information for the public through interactive videos, tips pages, and portals to ensure everyone understands and can easily carry out their responsibilities. For example, if a homeowner wants to build a deck, he or she can easily search whether a permit is needed, what's needed to apply for a permit, where to get the permit, and who to contact for more information or advice. This prevents most visits or phone calls to local or provincial government offices to obtain the information, making life easier for busy Albertans. This is one work that we did that I'm very proud of.

Mr. Rehn: Okay. Thank you, Minister.

I'll pass it on to Member Loewen.

Mr. Loewen: Thank you very much. I guess we'll go back to the question I was asking earlier when I ran out of time. On page 129 of the business plan under initiatives supporting key objectives, the ministry mentions the Alberta community partnership and how it "provides targeted funding which focuses on regional collaboration." With the budget staying steady at the $16.5 million we had seen projected in the fall, can the minister explain the fiscally responsible approach the minister is taking towards this partnership as it moves forward?

Mr. Madu: Thank you, Member Loewen. The ACP budget program is relatively small, but it delivers impactful results to municipalities by way of support for intermunicipal collaboration and capacity-building. Many municipalities have already accessed this funding to meet the Municipal Government Act requirement to adopt intermunicipal . . .

The Chair: I hesitate to interrupt, Minister.

I'd like to advise the committee that the time allotted for this item of business has concluded. I would like to remind committee members that our next meeting is scheduled for this afternoon at 3:30 in the Rocky Mountain Room to consider the estimates of the Ministry of Energy.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 12 p.m.]

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