



Legislative Assembly of Alberta

The 31st Legislature
First Session

Standing Committee
on
Resource Stewardship

Ministry of Municipal Affairs
Consideration of Main Estimates

Wednesday, March 20, 2024
7 p.m.

Transcript No. 31-1-9

**Legislative Assembly of Alberta
The 31st Legislature
First Session**

Standing Committee on Resource Stewardship

Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Chair
Schmidt, Marlin, Edmonton-Gold Bar (NDP), Deputy Chair
Sweet, Heather, Edmonton-Manning (NDP),*Acting Deputy Chair

Al-Guneid, Nagwan, Calgary-Glenmore (NDP)
Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)
Dyck, Nolan B., Grande Prairie (UC)
Eggen, David, Edmonton-North West (NDP)
Hunter, Grant R., Taber-Warner (UC)
McDougall, Myles, Calgary-Fish Creek (UC)
Sinclair, Scott, Lesser Slave Lake (UC)

* substitution for Marlin Schmidt

Also in Attendance

Ip, Nathan, Edmonton-South West (NDP)
Johnson, Jennifer, Lacombe-Ponoka (Ind)
Kasawski, Kyle, Sherwood Park (NDP)
Kayande, Samir, Calgary-Elbow (NDP)

Support Staff

Shannon Dean, KC	Clerk
Teri Cherkewich	Law Clerk
Trafton Koenig	Senior Parliamentary Counsel
Philip Massolin	Clerk Assistant and Director of House Services
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Christina Steenbergen	Supervisor of Communications Services
Shannon Parke	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Director of Parliamentary Programs
Amanda LeBlanc	Deputy Editor of <i>Alberta Hansard</i>

Standing Committee on Resource Stewardship

Participants

Ministry of Municipal Affairs

Hon. Ric McIver, Minister

Ethan Bayne, Assistant Deputy Minister, Municipal Assessment and Grants

Brandy Cox, Deputy Minister

Gary Sandberg, Assistant Deputy Minister, Municipal Services

Shakeeb Siddiqui, Assistant Deputy Minister and Senior Financial Officer, Financial Services

Safety Codes Council

Rob Bennett, President and Chief Financial Officer

7 p.m.

Wednesday, March 20, 2024

[Mr. Rowsell in the chair]

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

The Chair: Okay. I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Municipal Affairs for the fiscal year ending March 31, 2025.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, if you can introduce yourself and your officials when it comes around to your turn. My name is Garth Rowsell. I'm the MLA for Vermilion-Lloydminster-Wainwright and chair of the committee. We will start to my right.

Ms Armstrong-Homeniuk: Jackie Armstrong-Homeniuk, MLA, Fort Saskatchewan-Vegreville.

Mr. Dyck: MLA for Grande Prairie, Nolan Dyck.

Mr. McDougall: Myles McDougall, MLA, Calgary-Fish Creek.

Mr. Hunter: Grant Hunter, Taber-Warner.

Mr. Sinclair: Scott Sinclair from Lesser Slave Lake.

Mrs. Johnson: Good evening. Jennifer Johnson, MLA for Lacombe-Ponoka, and my assistant, Rebecca Lees, to my right.

Mr. McIver: Ric McIver, MLA for Calgary-Hays and the Minister of Municipal Affairs. Here I have with me my deputy minister, Brandy Cox; Shakeeb Siddiqui, assistant deputy minister of financial services and senior financial officer; Ethan Bayne, our assistant deputy minister of municipal assessment and grants; and Gary Sandberg, assistant deputy minister of municipal services.

Mr. Kasawski: My name is Kyle Kasawski. I'm the MLA for Sherwood Park, and I am the critic for the Alberta NDP.

Member Kayande: Samir Kayande, Calgary-Elbow.

Mr. Ip: Nathan Ip, MLA for Edmonton-South West.

Ms Sweet: Good evening. Heather Sweet, MLA for Edmonton-Manning.

Mr. Huffman: Warren Huffman, committee clerk.

The Chair: Okay. We have a substitution: Heather Sweet for Marlin Schmidt as deputy chair.

A few housekeeping items before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream, transcripts of the meeting can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the main estimates for the Ministry of Municipal Affairs shall be considered for three hours. Standing Order 59.01 sets out the process for consideration of the main estimates in legislative policy committees. Suborder 59.01(6) sets out the speaking rotation for this meeting. The speaking rotation chart is available on the committee's internal website, and hard copies have been provided to the ministry officials at the table. For each segment of the meeting blocks of speaking time will be combined

only if the minister and the member speaking agree. If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the main estimates schedule, and the committee will adjourn. Should members have any questions regarding speaking times or rotation, please e-mail or message the committee clerk about the process.

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 object to a five-minute break? Okay.

Ministry officials who are present may, at the discretion of the minister, address the committee. Ministry officials seated in the gallery, if called upon, have access to the microphone in the gallery area and are asked to please introduce themselves for the record prior to commenting.

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 their members; however, members have priority to sit at the table at all times.

Points of order will be dealt with as they arise, and individual speaking times will be paused; however, the block of speaking time and the overall three-hour meeting will continue to run.

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

Finally, the committee should have the opportunity to hear both questions and answers without interruption during the estimates debate. Debate flows through the chair at all times, including instances when speaking time is shared between the member and the minister.

I would now like to invite the Minister of Municipal Affairs to begin with your opening remarks. You have 10 minutes.

Mr. McIver: Okay. Well, thank you, Chair, and good evening, everyone. I'm here, as said, to present the Budget 2024 highlights for Alberta Municipal Affairs and some details of our 2024-2027 business plan. I've already introduced the officials at the table with me, so I won't repeat that. There are some other senior leaders, however, and staff from my department with us here this evening who are available to speak to the minister's budget if it turns out that that will be helpful.

I'd like to open my remarks to the committee with a story that I would call a success that has been years in the making. It is my pleasure to inform you that Municipal Affairs has launched the local government fiscal framework, which will deliver predictable funding to municipalities and Métis settlements across Alberta for many years to come. We are introducing the LGFF with a benchmark of \$722 million in capital funding for the '24-2025 fiscal year. This is the largest single line item in the Municipal Affairs overall budget of more than \$1.2 billion, and it comes as no surprise, probably, to anyone here.

When the government first took office in 2019, we got serious about finding a way to give municipalities the kind of funding arrangement they had long been asking for, a true funding partnership with the province of Alberta that was tied to provincial revenues. Since then we have been talking with local community leaders across the province about what the funding framework should look like. Now it is finally here. I cannot tell you how many conversations I have had on this topic over the years, but it would be only a fraction of the time that the staff at Municipal Affairs have spent engaging with local officials as everyone worked together to get this right. My cabinet colleagues and I know the amount of time and effort and ingenuity that went into developing the LGFF, and

your work is greatly appreciated. That goes not only for the government of Alberta staff but for all the officials of local governments who worked with us to reach this goal. Truly, we could not have created and launched the LGFF without you.

All of Alberta's municipalities and Métis settlements have known for a long time that the initial capital funding benchmark for the LGFF would be set at \$722 million. We set that benchmark to keep capital funding for municipalities consistent with the average funding amount that they have received over the last three years through the municipal sustainability initiative. We also committed that no municipality would receive a year-to-year reduction in capital funding in the first year as we transition to LGFF. Budget '24 does include \$2.2 million in top-up funding that will be shared among nine communities to keep them consistent with last year's MSI funding. In addition, municipalities outside of Calgary and Edmonton will share \$60 million in operating funding from the LGFF, a commitment that we doubled in last year's budget. This is equivalent to the operating funding that these same municipalities received last year from the MSI program, which the LGFF now replaces.

I refer to the municipalities of Alberta as our LGFF partners because that is truly what they are. The framework and the legislation that supports it include a revenue index factor that ties the municipal funding levels to the province's overall revenue from three years prior. This means that municipal funding will rise or fall with the fortunes of the province on a 1 to 1 ratio that is based on the province's revenue. For example, we already know that the LGFF funding next year – that's the year that starts a week and a year from now, April 1 next year – will increase by just over 13 per cent to \$820 million, which is a \$98 million increase over this year based on the provincial revenues from the 2022-2023 fiscal year. That's the revenue index factor at work, and that's how local governments told us they wanted it to work. They already know what their LGFF funding allocations will be for next year, which helps them with their planning. That's the kind of predictability our municipal partners have been waiting for for many years.

The partnership also provides sustainability for Alberta's finances. As you'll see in the Budget '24 documents, we already know that the LGFF funding is predicted to decrease the year after next year by about 1 and a half per cent to about \$808 million in the 2026-27 fiscal year. That's pretty close to the final numbers. This fiscal year doesn't end for another week, so the week has to go by and then an appropriate amount of time for the accountants to do their work to get the final number. But the point is that municipalities will know a couple years ahead what their funding will be, and that's what they've always said they wanted to know so that they could plan. The estimate is based on our current forecast, which we think is pretty close because the year is almost over. The 2026 numbers have not been, as I said, finalized yet; that will come quick enough, just as it did when we did the calculations for 2024 and 2025 when we announced the final allocation formula last December.

In this manner the LGFF is providing predictability and transparency, two qualities that any partner would want in a funding arrangement. Budget 2024 provides \$2.4 billion over three years in LGFF funding to help local infrastructure priorities. Our municipal partners know what they are getting. They know what to expect. That is entirely the point of the LGFF: predictability.

7:10

Now, it comes as no surprise to hear that some Alberta communities feel that the LGFF benchmark of \$722 million does not provide enough capital funding. Well, when the mayors and reeves of Alberta and municipalities tell us that they're not getting

enough money, that's proof positive that they're good at their job. That is part of their job, to advocate for their municipalities to the province to get as much funding as they can. We're not offended to hear that. We just give them credit for being in support of their residents and voters as taxpayers, as they should be. We also need to keep in mind that we worked hard together to achieve a more sustainable municipal funding model. The LGFF does that, and it's here to stay. But that doesn't mean our government has stopped listening; quite the opposite.

We have heard loud and clear that some Alberta communities are experiencing significant pressure on local infrastructure due to population growth. Well, we're not going back to the days of overspending. With Budget '24 we are introducing the local growth and sustainability grant even as we roll out the LGFF. This new grant program will allocate \$60 million over three years to help relieve some of the pressure on local infrastructure in high-growth communities where the need is most acute. The local growth and sustainability grant is part of our plan, a responsible plan for a growing province. We are excited to see what kinds of infrastructure projects it will help build, supporting Alberta's economic growth and sustainability for municipalities. We will share more details about the application criteria for this new grant in the coming months and anticipate receiving applications in the fall of this year.

Clearly, our government recognizes the value of investing in local infrastructure and the boosts such projects can bring to local economies. That's why Municipal Affairs is providing \$29.6 million over the next two years to support construction, amongst other things, of the community rink that is part of the Calgary Event Centre project.

Municipal Affairs will also continue co-ordinating and administering funding support from the federal government to local communities in Alberta. Budget 2024 includes a projected \$266.2 million from the Canada community-building fund. It also includes \$24.1 million from the investing in Canada infrastructure program. We'll continue to administer both these programs to provide more capital support to Alberta communities.

Budget 2024 also includes \$38.1 million for the municipalities as grants in place of taxes. That's a \$2.1 million increase from last year to cover additional provincial properties and increased assessment values for eligible properties.

We are also continuing our support for public libraries, with operating grants remaining at \$33.6 million, which will help achieve our business plan goal of making library services more accessible to Albertans. If you recall, we increased funding for libraries in Budget 2023, and that same robust support continues in Budget 2024.

Budget '24 also provides \$7.9 million to support the work of the Land and Property Rights Tribunal, which remains focused on protecting property rights and resolving disputes and compensation issues related to property assessment, land use, and surface rights.

Our business plan also includes protecting Albertans in other ways, including oversight of the safety code system and new-home buyer protections. We will continue working with our municipal and industry partners to improve our performance and grow Alberta's reputation as one of the most affordable and reliable places in the country to build, buy, and own a home.

In closing, I would mention once again that we have successfully launched the local government fiscal framework, which is a major achievement for Municipal Affairs. The overall increase of \$273.3 million in our budget is primarily due to the transition from MSI to LGFF and reflects that \$722 million baseline. We are also supplementing the LGFF capital funding with \$60 million over the three years with the local growth and sustainability grant. We will

administer federal funding for Alberta communities and, essentially, maintain funding levels for other existing programs as we pursue the objectives of our business plan.

After that, Mr. Chair, I would be happy to answer questions that this committee may have about the Municipal Affairs budget for the fiscal year starting April 1, 2024.

The Chair: Thank you, Minister.

We will now begin the question-and-answer portion of the meeting. For the first 60 minutes members of the Official Opposition and the minister may speak. Hon. members, you will be able to see the timer on the speaking block both in the committee room and on Microsoft Teams.

Member Kasawski, are you going to be doing the talking?

Mr. Kasawski: Yeah.

The Chair: Would you like to share time with the minister?

Mr. Kasawski: Yeah.

The Chair: Yeah.

Minister, are you block or share?

Mr. McIver: Mr. Chair, let's share the time.

The Chair: Okay. We'll go share, so you've got 60 minutes of time to go on. Thank you very much.

Mr. Kasawski: Just a clarification, Chair. If I'm ceding time during the sharing, that's . . .

The Chair: You can do that. Yeah. That's fine.

Mr. Kasawski: Great. Thanks.

Well, thanks for those opening remarks. Perfect time. Right on the nose there with the 10 minutes.

Mr. McIver: Lucky punch.

Mr. Kasawski: Right? Good.

Thank you, Chair. It's my pleasure to be here to discuss Municipal Affairs estimates. Thank you, Minister, for being here today and also to all of your staff that are here from Finance and from Municipal Affairs. And thanks to my caucus staff and colleagues that have put a lot of effort into preparing for today.

Just a personal story. My oldest daughter in first-year university thought she wanted to study political science, and they had to review budgets of former Canadian governments, which were actually smaller than our current budget, which was interesting. I found it so interesting. I was very excited about this assignment for her, and now she studies biochemistry. She has no interest at all in this.

Just a little bit of where we're from. So maybe some of the questions – there might be some local bias coming from Strathcona county and Sherwood Park and coming from Calgary and Edmonton here. I hope that's acceptable. This is not question period; I welcome written responses if something comes up and it's, like, a good question to get back. I do want to help municipalities in whatever way I can, and I know I can say the same for all of my colleagues. We love this province. We want it to succeed, so let's get to work. Yeah.

The ministry business plan should be considered in conjunction with all the budget documents, so we think we've done a decent review of the fiscal plan and the government strategic plan and estimates and together with some of the relevant developments and

news stories that are out in the public that we can maybe bring forward in relation to the budget. We'll hopefully have a good dialogue, so I appreciate you sharing time.

Maybe we'll start focus just on local funding, which you started talking about at the beginning. This is just drawing upon, I guess, initially, government estimates, line 12 on page 173 under capital grants. You touched on it, the local government sustainability grant. I get the impression we might not get too deep into this today, but how did you arrive at the \$20 million annually? The high-growth communities: do you have mid-size cities in mind for that?

You know, I'll just stop it there: the type of communities you have in mind that are high growth and how the \$20 million was arrived at.

Mr. McIver: Well, I guess I'll start. The easier question is: how did we arrive at the \$20 million? I asked for more, and that's what Treasury Board gave me. I always said that Treasury Board is where dreams go to die. I can't be too hard on them because I sat on Treasury Board for a long time, and ministers, usually with the best of intentions, walk in and say, "I've got this great idea," and Treasury Board pretty much says, "That is a great idea," and then they say, "But we can't fund it because we have to be also looking after the taxpayer." But, in fairness, they also fund things, too, which are all the great programs we have across not just my ministry but all the other ones. In this case I might not have got everything I asked for, but we got this.

Now, you asked what it is intended for. It's intended to help in two specific areas. The primary area is that we asked municipalities to work with us as their provincial government in economic development. Bringing in new jobs, opportunities, and growth is one of our high priorities. We asked them to help with that. We recognize that when municipalities do hold up their end, which they do all the time, and bring in new jobs, opportunities, and growth, sometimes that comes with infrastructure pressures, whatever it happens to be, water treatment, sewer treatment. Sometimes they say, "Well, my employees won't work here unless you got a better park or arena," or whatever. While this isn't intended to pay for all of that, it's intended to look for opportunities where we can support those things. That's probably the primary reason for the program.

The secondary reason for the program is that some municipalities just get in a place where they need to get over a hump to be sustainable. We're hoping there will be some places where we can do that. Now, again, it's not a huge program, but a lot of municipalities are excited about it. We're pleased about it. My goal is, when we talk here again next year, to have some great stories about how we were successful and how we used these funds in partnership with municipalities to actually make a positive difference that Albertans will appreciate.

Mr. Kasawski: Great. Thank you very much.

Back to my local area. Strathcona county has a lot of new developments. One of them is Bremner, which is going to be a community with a population as large as Sherwood Park in Strathcona county, and it's previously just been adjacent to a farmer's field. They know that they have already mapped out future infrastructure they would need to access to maybe get into this high-growth node. That's kind of – it wouldn't be wrong to direct them towards that fund? Would it be okay to direct them towards that?

7:20

Mr. McIver: As long as you don't tell them they're going to get it all.

Mr. Kasawski: Sure.

Mr. McIver: Because few people – actually, I love municipalities because some have actually said: oh, I know what to do with that \$20 million; send it to me, and you’re going to look great. I said: yeah; well, there are roughly 330 municipalities. And then you’d say that, well, I should know the answer to that, but the fact is that I always say “about 330” because there are always several municipalities in some stage of considering amalgamation or something or another. So I’m always afraid to say it exactly because one of you guys will say, “Ah, you see, you’re wrong, you don’t even –” but the fact is that it’s in a bit of constant flux. I do my best to be slightly inexact on that because there are a number of municipalities in the process of joining together or dissolving or something like that.

The point is, though, that there’s \$20 million a year and there are 330 municipalities. We’ve challenged municipalities to work together with us to make us look good, make them look good, and to please Albertans when Albertans see how the money is spent and say: okay; that’s a good idea that the government and the municipality worked together to spend the money on this project and in this particular way.

Mr. Kasawski: Great. Thank you.

What you teed up with was the local government fiscal framework. I’m a fan of robust policy. I do think this is a good piece of robust policy, so compliments to all the staff. If you have a key person you want to point out, compliments to them. It’s a good piece of work.

Mr. McIver: Well, it’s not just the staff. The fact is that this is the municipalities’ program. They asked for this. In fact, they got quite specific about it. While I’m proud to have delivered it as the minister, this is just us, Alberta’s government, saying yes to the municipalities. That’s exactly what this is. They asked for it; they got it.

Mr. Kasawski: Right. They did ask for a bigger pot of money. That’s not a question.

Mr. McIver: We might argue about some things tonight, but we’re not going to argue about that. They did ask for more money.

Mr. Kasawski: The funding amounts in subsequent years, as you laid out, will reflect the percentage change in provincial revenues from three years prior. I don’t know if my hand directions are going in the right direction. If the government follows through with a tax cut on personal income, like it’s been proposed, or a corporate income tax that lowers government revenue, will that lower LGFF funding down the road, potentially?

Mr. McIver: Yeah, potentially. Every piece of Alberta revenue, whether it goes up or down – but I don’t know. Most years, if you look at the history of Alberta, there are many years where it goes down, but in the big majority of years revenue does go up. I guess the other point, too, is that I suppose if the personal income tax cut happens, there will be more money for people to spend, and that actually might drive more provincial revenue, too, depending upon how they choose to spend that money.

Mr. Kasawski: Yeah. I guess it’s worth maybe modelling. Like, if you do a tax cut one year, it’s not necessarily going to lead to more revenue the next year, which will affect three years down the road.

Mr. McIver: My deputy just said that fiscal policy is excluded from that. Maybe somebody wants to put some meat on that. You asked the question, and we’re going to . . .

Mr. Kasawski: Yes.

Mr. Bayne: Thank you, Minister. The Local Government Fiscal Framework Act lays out that when we’re calculating the revenue change from basically four years ago to three years ago, deliberate government decisions, fiscal policy decisions that change the revenue are not counted in that first year. So if we make a decision to, you know, raise or lower provincial revenues through a policy decision and deliberately do so, that is not counted in the percentage change calculation.

Mr. McIver: It may eventually make a difference, but in the first year so that we don’t artificially bump it one way or another, then there’s a delay. Let me say that.

Mr. Kasawski: Sure. Like a first-year buffer on any decisions made.

Mr. McIver: Right.

Mr. Kasawski: All right. Okay. For the LGFF formula education tax requisitions collected by Edmonton and Calgary are factored into the grants for our two largest cities. Many mid-size cities contribute mightily to the provincial education taxes as well. I only have the ’22 numbers, but Strathcona county with \$70 million; Spruce Grove, about \$45 million; Red Deer, about \$44 million; St. Albert, about \$36 million; Airdrie, about \$33 million; Cochrane, \$16 million. Can you go over why education taxes are collected by our two major cities into the LGFF but not the mid-size cities? If I’m understanding things correctly.

Mr. McIver: That’s apparently the formula that Edmonton and Calgary asked for. It was a negotiation with the municipalities. Essentially, again, this is us saying yes to the municipalities, and that was one of the things that came out of the discussions.

Mr. Kasawski: Okay. And maybe the mid-size cities weren’t pushing for it as an idea.

Mr. McIver: Mid-size cities are pretty pushy, and I say that as a compliment to them, not a shot; they’re not afraid to ask for what their citizens need. In fact, I think if mid-sized cities are watching, they’ll say: you’re darn right; we’re aggressive and pushy because our citizens deserve it. I’m not troubled by that.

Mr. Kasawski: Okay. All right. Page 173 of Budget 2024 estimates for Municipal Affairs, under capital investment, the 2024-25 estimate is \$550,000 for assessment services, and the forecast for last year was \$5 million, which was a noticeable discrepancy. I didn’t know if it was a typo or if we spent \$5 million on assessment services this year, but we’re only budgeting \$500,000 this year. And, just the last part, I actually don’t know what assessment services does.

Mr. McIver: Well, I’m going to ask my assistant deputy minister to lay that out for you. It’s an important number for us to explain, too.

Mr. Bayne: Just briefly, assessment services does at least three important things to be aware of. One is that it looks after assessment and taxation, legislation and policy in the province, so the sections of the Municipal Government Act that lay out how municipalities can assess property and then tax that property for revenue. The second thing is that there’s an assessment audit function there that sort of validates local assessment functions. And the third thing, and the largest area of expenditure for us, is that we’re actually directly

responsible for assessing what's called designated industrial property in the province, so major plants, oil and gas facilities, basically anything that is regulated by the Alberta Energy Regulator, the Alberta Utilities Commission, or various federal regulators. We are actually responsible for assessing their value for taxation purposes.

The line item you're referring to, the capital expenditure, is associated with an IT system that we have in development right now. There's actually some shifting of cash flows year to year because, like many IT projects, that one has not progressed as quickly as we might have anticipated. There's previous years' funding that was allocated that is actually still being used, so we didn't need as much funding in the current year.

Mr. Kasawski: Did you say IT or IP?

Mr. Bayne: IT.

Mr. Kasawski: Okay. All right.

Mr. McIver: It's capital, right?

Mr. Kasawski: Yeah. Okay. Great. Thank you.

We'll talk a little bit maybe about the capital grants for the Calgary Event Centre and community rink at \$14,600,000 that is allocated this year. Can you expand on the overall scope of the project, if you have any sense of construction timelines or project development timelines that we're in, and maybe just about the benefits for the economy that you see coming from the event centre?

Mr. McIver: Oh, sure. Well, in the event centre itself, the arena, if you will, the big arena for professional hockey: we didn't contribute anything to that. The ministry of transportation delivered a bunch of local road improvements and stuff like that outside of the realm of my ministry. What our ministry is doing is contributing to the community arena, the one where kids will play and amateurs and all that kind of stuff. Of course, that's obviously an important amenity for the city, as all arenas are, but this one is in the central area.

It's also part of the event centre and the whole ball of wax there that includes the big arena. It includes the BMO Centre; that would be the only class A convention centre in western Canada and the first class A convention centre in western Canada. Not that we're paying for any of that through Municipal Affairs, but the point is that it's part of something that will – and I'm saying this because you asked about economic development – drive economic development when we can now get the world's biggest conventions. Let's face it; we need that in Calgary.

We got 4,750 full-time jobs during creation, 1,536 permanent jobs, 8,000 projected new residents in that district. We think: 3 million-plus annual visitors to that district per year; 500 events.

The other thing is the 4 million square feet of mixed-use development. The other thing that matters is that there is a large amount of class A and class B office space in downtown Calgary that's empty. We'll never fill it up in a city of over a million and a half people unless you've got a full suite of arts and culture amenities. And sports is part of culture, of course, right?

7:30

Mr. Kasawski: Yeah.

Mr. McIver: You know, the economic development potential is massive. We need to continue working with the city to make sure we realize all of that, but having the amenities, I think, will be a big boost.

Again, Calgary used to get a major amount of their property tax realized from downtown. That has been dropped dramatically since

the rental value has decreased since there's 30 or 40 per cent of it vacant; I don't know the exact number but a high percentage. To whatever extent that these developments can trigger more leases, more rental space, and use that class 1 and 2 office space that should go for a higher rental rate, the better off Calgary's and, by extension, Alberta's economy should be, and we should all benefit.

Mr. Kasawski: Just a quick question – and if you don't know the answer. How many sheets of ice are we talking about at this community rink?

Mr. McIver: One, I think. Yeah. I believe one. It's one arena. The amount of money that we're putting into it is limited, so I guess if we put our \$30 million in, and if they can get 12 sheets of ice, bless their hearts, but I don't think they will be able to get 12. I can't imagine they will have more than two, and it might be one. But there are two if you consider the arena that we're not contributing to and the community arena that we are contributing to. Either way, the government of Alberta, the people of Alberta's contribution is maxed at the \$30 million.

Mr. Kasawski: Okay.

Mr. McIver: I hope they get six, but I don't really think they will.

Mr. Kasawski: Six sheets of ice.

Mr. McIver: They won't. I think you recognize them being . . .

Mr. Kasawski: I'm just thinking about tournaments.

I was going to say this at the end, but I might as well segue into this. I guess for Edmonton the question would be: where's their arena deal? It's been brought up to me that, you know, the work that they have to do with the exhibition grounds with demolition: I think their cost is over \$37 million. They've got to take down some horse barns to be demolished as well. Is there any entertainment or consideration for that?

Mr. McIver: Well, I think it's generally accepted that Edmonton had their arena deal long before Calgary did. That's the Rogers Place. There is some ongoing debate over whether Edmonton got a better deal or Calgary. I guess there's a number of factors about, you know, how much sooner they got it, the inflation, all that kind of stuff. At some point I'm sure that we'll sit down with Calgary and Edmonton. There will be some kind of a reckoning, and somebody will be asking for more money to even it up, and we'll deal with that, but it's not in this year's budget.

Mr. Kasawski: I don't think the Edmonton one had any provincial funds, or did it? It did?

Mr. McIver: Yes. I know there was a former mayor that said it didn't, but there's a community revitalization levy at about \$622 million in property taxes and about \$168 million considered to represent the education property tax portion of the CRL revenues. That's of the six CRLs in operation in Alberta. Is there anything specific here for the – anyways, they're substantial. I don't have that number.

Like I said, there's going to have to be a reckoning, but through the community revitalization levy Edmonton got quite a benefit from provincial tax that we did without, to contribute towards that, as will Calgary. Because they're both good at their jobs, they'll both say, "I need more because I didn't get a fair deal," and at some point, like I said, we'll have to sit down, our government and theirs – it may not be my ministry – and do some kind of a reckoning for that.

Mr. Kasawski: Sorry. I don't know how the community revitalization levy works.

Mr. McIver: Well, it's a program to redevelop brownfield sites. What it basically says is that for 10, 20, or 30 years, a period of time, the city will do without their property tax or just take the base level of property tax. Say they get \$5 million out of an area: that's all they get, and they put investment in and get more. They have to leave that in there. During that period of time the province forgoes the education property tax. That goes in there to develop, too. It's a partnership between the province and the municipality to redevelop brownfield sites that might sit forever and never get redeveloped. It might be a blight on the community except for this extra effort. So it's a program that government and municipalities have together in order to achieve that.

Mr. Kasawski: Okay. Thank you.

Mr. McIver: There are a lot more details, but that gives you a flavour.

Mr. Kasawski: That gave me a pretty good understanding.

Okay. I think I was still going through estimates. If we went to page 172, line 9.3, I notice there's a slight reduction in the residential protection program. If I understand that correctly, this is for supporting new-home buyer protection through new-home warranty. So are new-home forecasts expected to drop, or where did your department obtain the forecast?

Mr. McIver: I know there's record construction starts and have been for some time. On how that relates to the new-home warranty variance, there's a \$103,000 decrease in supplies and services primarily related to one-time IT costs included in '23-24 . . .

Mr. Kasawski: Okay.

Mr. McIver: . . . and \$150,000 in building licensing, and it's offset by a \$64,000 increase in salaries and wages to address public-sector compensation and other inflationary pressures.

Mr. Kasawski: Okay. So you're sort of trying to keep it flat maybe.

Mr. McIver: Well, I think, if I'm not mistaken, it's self-funding. It's not a taxpayer-funded item.

Mr. Kasawski: Right.

Mr. McIver: It's intended to charge enough to pay for the program; it's not intended to be a profit centre nor a cost centre for the government but, rather, self-funding through the fees charged.

Mr. Kasawski: Perfect. I understand that.

Okay. Capital grants, 6.5, investing in Canada infrastructure, community, culture, and recreation. I know you mentioned some Canada grants. I hope I'm not covering the same ones you did in your opening. This provides capital funding for municipalities under the federal portion of the community, culture, and recreation stream. I understand it's competitive and it's cost-shared, jointly funded by Canada, Alberta, and municipalities. In 2023 \$4.2 million was budgeted; the total amount of the forecast is now almost 12 and half million to be spent on that, but the estimate for '24-25 on the investing in Canada infrastructure is nil. Can you explain why there's nothing estimated for this capital grant and what's going on with it?

Mr. McIver: Okay. As the projects get completed, no more money is required. ICIP is cost-shared, and what I'm told is that as the

projects get completed, there's no more budget. What's been completed, which might interest you, is the city of Brooks sanitary waste-water replacement and water lift station, city of Red Deer community arena expansion, Millet Agriplex upgrade, Drayton Valley net-zero aquatic facility, village of Consort aquatic facility upgrades, municipal district of Bonnyville Kinosoo Ridge adventure park, municipal district of Acadia Acadia Valley Community Hall.

The ICIP funds are reimbursed to recipients based on the actual claim costs that are submitted, so the current budget decrease is a cash-flow adjustment that reflects more up-to-date anticipated cash requirements needed by the recipients to fund the projects over the next year. The projects are under way. There is no change to the total estimated funding; however, there are variances in the anticipated timing of the cash flow in any construction project. Sometimes you get all the work done one year, and sometimes you get freeze up or you just don't get the workers or the materials in on time, and the project lays over until the next year. The ICIP cash-flow funding is dependent on the submission of expenditure claims by the recipients, and that's just the up to date of what we believe will happen.

Mr. Kasawski: Okay. I appreciate that.

On page 175 – and I think this is still in estimates – there's a reduction in the investment capital – and I realize this is for capital assets – for the Safety Codes Council. It kind of stood out to me. I see that it was down in the capital expenses for the Safety Codes Council, so capital investment. There is a reduction, it seems like, coming in the Safety Codes Council.

Mr. McIver: Okay. Let me find that for you. The Safety Codes Council is another one of those self-funding things. We do the inspections on a lot of construction things. We have a lot of cases. The municipalities, certainly the larger ones, are licensed to be safety codes authorized deliverers, if you will, where they employ and use safety codes officers to inspect construction and all that kind of stuff.

7:40

Okay. We have Rob Bennett here from the Safety Codes Council. Would you like to hear it from the horse's mouth? And I mean that with all respect to Mr. Bennett. Let's get you the most direct answer that we can.

Mr. Bennett: Just for clarity, you were speaking to a reduction in capital. Is that correct?

The Chair: Sir, if you could introduce yourself for the record.

Mr. Bennett: Of course. Yes. Rob Bennett, president and CEO of Safety Codes Council. I'm happy to address the group.

Just for clarity, the question was about a capital reduction. Is that correct?

Mr. Kasawski: Yeah. I've got the page here, but it's the safety codes. For voting for supply you've got nil coming in for it. This is a capital investment, so there might just be no project. It's on page 175, right below municipal assessment grants, there is nothing for Safety Codes Council.

Mr. McIver: Can I see a page for Mr. Bennett here? We'll get the page for Mr. Bennett.

Mr. Kasawski: Page 175, the middle of the page.

While he's looking it up, I'll go on to the next question. It's been asked by Alberta Municipalities. They brought up the question of

the \$200 fee for EVs. Will any of that revenue be shared with municipalities in terms of . . .

Mr. McIver: I would say no. That's not in our ministry, that \$200. Technically, since it's not my budget, I can't say for sure, but not that I'm aware of, I don't believe. That shared with municipalities is mine, and I would say the answer is no. I don't think that's what it's intended for. I think it's kind of a replacement for the taxes that people would otherwise pay on gasoline, which, certainly, part of that is considered to be to help pay for the roads. Of course, EVs get to go by the gas stations, and good for them, but the roads still need to be fixed, maintained, and provided for those vehicles.

Mr. Kasawski: Yes. So, then, would that just go into general revenue? Just right now, whether it's \$9,000 . . .

Mr. McIver: It might be kind of a Treasury Board or somebody else. Sorry. We don't get the money in Municipal Affairs. I think I could comfortably say that to you.

Mr. Kasawski: Yeah. Okay. That sounds good.
Let's switch gears a little bit.

Mr. McIver: Do you want me to see if Mr. Bennett . . .

Mr. Kasawski: You're ready. Sorry.

Mr. Bennett: Just for clarity, the capital investment budget is \$194 million, so there may have been a misunderstanding. I'm looking at the page.

Mr. Kasawski: It's in the reconciliation of supply vote, consolidated government estimate, and it's just what we're voting on for supply. There is nothing voting on for Safety Codes Council.

Mr. Bennett: Again, I'm referencing the same page, and the capital investment is \$194 million.

Mr. McIver: Mr. Siddiqui has some insight there.

Mr. Bennett: I'm happy to address the budget. I just want to be clear on the question.

Mr. Siddiqui: Sure. In that particular reconciliation table he's talking about the different authorities under which we have our appropriation. For Safety Codes Council they are statutory. They are not voted. That's why in that, if you look at all the column headings, there's a zero for voted, because their budget is not voted. It is statutory.

So the \$194 million that you see is the total value of their capital investment. There are no comparator numbers on that line.

Mr. Kasawski: Okay. Perfect. Yeah. That helps. I appreciate that.

I'd like to talk about the preferential lending rate to municipalities and bring that up. I know that this is – is it Treasury? But it would be great if you advocate within cabinet because I think it makes a difference. Investment income loans to local authorities: this is in the overview of the fiscal plan on page 18. I noticed that investment loans are declining. This year it's \$677 million; next year, \$561 million; the year after that is \$522 million. Is it declining because of the end of the preferential lending rate for municipalities, how that was eliminated?

Mr. McIver: That's a Treasury Board thing, really.

Mr. Kasawski: Okay.

Mr. McIver: What I believe I know part of is that we have paid down some debt. I know our rating for the rating agencies has gone up. I don't know how that reflects in the cost of borrowing that we have, but that would also cascade, to some degree, to the cost of lending to the municipalities. But I don't know. The amount: that's a Treasury Board question.

Mr. Kasawski: Okay. I might come back to that when we come to how you borrow money. But we'll just get primed for that.

In your expenses for the fiscal plan it says:

The province is . . . managing the pressures from rapid population growth. Alberta's population increased by an estimated 184,000 . . .

That's 4.1 per cent.

. . . in 2023 and is projected to surpass 5 million [in] 2026, an increase of more than half a million Albertans from 2022, [and] this budget is a responsible plan that addresses our key priorities and pressures, maintains balanced budgets, and sustains Alberta's growth and prosperity.

So that's just from the fiscal plan. The budget is not keeping pace with population growth and inflation. Just in your own view, how are you investing in this growth?

Mr. McIver: I think our staff is working hard. I think that they are getting the work done without all of the big expansion in staff.

Deputy, would you care to expand upon that at all?

Ms Cox: Sure. I just want to make sure that I'm answering your question, which I think is about – I think what you're getting at, but please correct me, through the chair, is the extent to which municipal funding programs are indexed to inflation. Is that the question that you're asking? Yes. To that I would say that the minister has already laid out all of the ways in which the local government fiscal framework addresses things that generally relate to growth with respect to the revenue index factor, which went to a 1 to 1 ratio, as municipalities requested. There isn't an indexing per se, but as the economy grows and GDP increases and our revenue increases, there are correlations, then, to the increases or decreases that we see with respect to that funding formula.

Mr. McIver: But we somewhat keep up. There's a bit of an indexing factor in that if there's more people, then they pay more taxes to the provincial government, either directly or through their activities. It's not a direct, straight-line inflationary pot, but there's certainly that effect that, yeah, more people pay more taxes, and that drives not all but some of the government's revenue.

Mr. Kasawski: Okay. Let's switch over to water treatment. The capital plan, fiscal plan, page 104: \$539 million has been included.

Mr. McIver: Well, water treatment: certainly, the capital contributions pretty much come from transportation, I think, as a former transportation minister. I don't want to cut that minister's grass or answer for that minister, but when I was there, that's where the funding for municipal water and waste-water stuff came out of and not from Municipal Affairs.

Mr. Kasawski: Well, maybe – fair enough. Fair enough.

Mr. McIver: I know that people think government is not organized, but I'm going to make a quick argument for you that they are. Rather than have 22 or 26 ministries with construction companies, we're well organized enough that we essentially have two ministries that are construction companies. One's called Infrastructure, and they build everything vertical; the other one's called Transportation, and they build everything flat. The building vertical is largely buildings;

flat is roads, bridges, dams, that kind of stuff. Transportation builds all of that. So that way we don't have 22 or 26 construction companies, just two.

Mr. Kasawski: Water treatment gets built in which ministry?

Mr. McIver: Transportation. It's flat, because it's below ground. It's flat.

Mr. Kasawski: So that regional water, waste-water projects, the water for life project, that's . . .

Mr. McIver: Transportation.

Mr. Kasawski: Well, that's going to take about 10 minutes off my time.

Mr. McIver: Okay. I'll have a coffee.

Mr. Kasawski: There is the Alberta community partnership grant applications. Which ministry manages those? Okay. Well, there you go. You can help plan a water treatment plant.

7:50

Lethbridge water treatment plant was built 40 years ago. I think you probably know that. It's approaching capacity. I've been told it's running at 99 per cent capacity right now. Is there any plan in the budget for the Lethbridge water treatment plant? I'll just back that up with some context. The city services 133,000 citizens in the surrounding area, including Lethbridge county, Coalhurst, Coaldale, Diamond City, Monarch, Picture Butte, Iron Springs, Turin, and Chin. In the fall council voted to support an application with the town of Coaldale and Taber for the Alberta community partnership grant application, and they're seeking funding for high-level service analysis of potable water and waste-water infrastructure along the highway 3 corridor.

In municipal estimates, page 172, section 8, the Alberta community partnership: it's budgeted – well, the estimate is for 15 and a half million, roughly. Can you provide an update on the status of the application for the Alberta community partnership grant application for funding for high-level service analysis for potable and waste-water infrastructure along the highway 3 corridor?

Mr. McIver: Did they not apply?

Mr. Bayne: They got it.

Mr. Kasawski: Yeah? Well, there you go. Great.

Mr. McIver: When did they apply for that?

Mr. Kasawski: Probably in October of 2023.

Mr. McIver: Did they get it from Municipal Affairs? I'm not sure if they did or where they got it from. Okay. It's application based.

Mr. Kasawski: Sounds good.

Mr. McIver: Okay.

Mr. Kasawski: Okay. When it comes to borrowing, in the fiscal plan for infrastructure projects, when the province borrows for infrastructure projects, what's the cost of money?

Mr. McIver: I think you're back into a Treasury Board thing.

Mr. Kasawski: I was hoping with Mr. Siddiqui here that we could . . .

Mr. McIver: You know, my friend – and I mean that – that's a Treasury Board question. I don't want to cut my fellow minister's grass. I wouldn't want to get a detail wrong and then have another minister liable for something in his ministry that I didn't answer correctly.

Mr. Kasawski: Fair enough.

Would you consider combining municipal debt with the provincial debt?

Mr. McIver: That's kind of a government-wide decision. I guess I don't understand why or how you would want to do that. You're into the theoretical now instead of what's actually in our budget. I don't understand why you would want to do that and how that would work in your mind.

Mr. Kasawski: Well, for example, let's say a water treatment plant in the province covers, let's say, 10-20 per cent of the capital cost; the municipalities are going to have to borrow the rest. They're borrowing at a higher rate than the government of Alberta borrows at right now, so they're taking on that debt. It's off the province's books, but it's at a higher rate, and it's going to cost taxpayers, citizens, more money. The consideration is just: would the province consider Municipal Affairs taking on municipal debt?

Mr. McIver: Yeah. That's not how we're structured now. If you were to ask if we're actively considering that in this budget, I would say no.

Mr. Kasawski: Okay. Just a question: if the municipality fails, who does the debt pass on to?

Mr. McIver: Pardon me?

Mr. Kasawski: So if a municipality . . .

Mr. McIver: I think the province if I'm not mistaken. Historically it paid some municipal debt a couple of times over history. That's not part of this year's budget. That's just an interesting historical question you asked. That's not really before us. But in the past I think there have been times – and, again, I'm not speaking authoritatively here. What I believe has historically happened: the province has picked up the slack for municipalities along the way at least once and, I think, twice. We have the special areas, where there was widespread – and I can't talk about this because it's part of what we do now. There was widespread failure to be able to pay property taxes. A lot of it was that a lot of people lost their property, and a lot of that is in the special areas right now, which Municipal Affairs helps look after. So I guess I could reasonably say, to your question, "Who is responsible if the municipality fails?" that at the very end of the day, it's probably our provincial government.

Mr. Kasawski: Yeah. I wondered. I didn't know if – that was kind of my suspicion. Just as municipalities are taking on debt, I know they're restricted. It just is a thought that's occurred to me.

Mr. McIver: It's for their own protection, simply because – listen, you don't have to be a lawyer, doctor, accountant, engineer, or anything to get elected. Different municipalities have different levels of sophistication. Certainly, the expression I always use is that the large municipalities have hot-and-cold-running lawyers, accountants, and engineers. Most municipalities of, say, 1,500 population probably don't have hot-and-cold-running lawyers, accountants, or engineers. They might be fortunate to have one, or they might cost share one with other municipalities or just hire them out job by job.

We have boundaries in our rules around municipalities that help protect them and help us to help protect them. There are cases when someone is near their debt limit that has a project that's particularly important to them, and they will occasionally ask us to extend their debt limit beyond what the legislation does, and we have the authority to do that. But we typically say no unless they have a good story to tell. And by "story" I mean a plan to say: we've saved up \$6 million from our LGFF, our MSI; we need to borrow another \$2 million that puts us over the top. But based on the new development that we already have confirmed and the taxes that will come, we feel very confident within three or five years that we will be back within our debt limit, and those cases and cases similar to that: we might say yes. It's never guaranteed, though. It's all case by case, and you'll be happy to know that there are people qualified – not me – within our ministry that look at these things and make recommendations.

Mr. Kasawski: Good. Yeah.

Mr. McIver: The ACP grant went to Coaldale for \$200,000 for them to partner with Lethbridge, Medicine Hat, Bow Island, Taber, and Barnwell and all that kind of stuff. You asked whether we gave Lethbridge a grant, and the answer is no.

Mr. Kasawski: Yeah. I see.

Mr. McIver: But my colleague was right; they got the grant, but it didn't go to Lethbridge. It went to Coaldale, and Lethbridge was part of the partnership. So, you know, we aren't holding back from you there, but the way you asked the question, we didn't have an answer because we didn't have a grant for Lethbridge for that. They are secondarily named in the grant that Coaldale got. I only say that to you for two reasons, for clarity and so that you know that we do know what we're talking about. You asked about Lethbridge, and the answer was no. Then I heard yes, but my colleague wasn't trying to mislead us either. The fact is that the grant went to Coaldale as part of that Lethbridge and Coaldale and friends project.

Mr. Kasawski: Okay. I'm going to be focused on the business plan probably a little bit more now. As it relates to the business plan, there is on page 109 that you're going to "[work] with municipalities and builders to create conditions that will increase housing supply and address housing costs." And your objective is to "work with municipalities and builders to ensure the appropriate conditions are in place to enable municipalities to make [some] decisions that will grow their local housing stock." Can you just describe some of your efforts to meet this objective or ones that are coming up?

Mr. McIver: Well, there will be some things in legislation that haven't been released yet, but it's coming quite soon this spring session. The rules are that you can't actually talk specifically about what's in the legislation until everybody gets to know at the same time. If I dance around it a little bit, we will look for ways to reduce costs for municipalities and builders and developers if or when they choose specifically to build affordable housing. Beyond that, we will be looking for tools to encourage municipalities to incent them, if you will, to approve more housing of all kinds because we need it all.

We need affordable housing, we need subsidized housing, we need market housing, and government will never build and own and operate all of it. Well, in my opinion, nor should we, but we're all involved in doing it: our government, municipalities, builders, developers. My intention with Minister Nixon is to gather a meeting of the minds with all those groups to talk about how we can do it together, clarify code requirements for secondary suites, other

building code things that might be able to be somewhat modified to help.

8:00

From the human side, it's easy for us politicians to sit around provincially and say: the cities and the darn builders and developers aren't doing enough. And the developers say: well, if the city would get out of the way and the province would get out of the way. If we get everybody in the same room and they say that, then the city might say: well, actually, if we just knew that that was the problem, we could solve it. So that's our goal, to get everybody in the same room. Everybody says – and I believe us all – that we want to help, but I believe we'll get co-ordinated and organized and move together faster and further if we agree on what the problems are, solve the problems together, and then get busy.

Mr. Kasawski: Thank you.

On page 109 of the business plan it was to protect "the province's constitutional right to oversee the governance of Alberta's municipalities without federal interference." Can you elaborate on what you mean about this?

Mr. McIver: Well, let me say this. Quebec has been quite successful at telling the federal government to get out of their business and: just send us the money. We don't want to pick a fight with Quebec; we want to learn from them where they do better than us. We're pretty proud of Alberta. We think we do a great job, but Quebec seems to get a better deal than a lot of places in Canada. The Premier has included that in my mandate letter. Quebec is currently the only province that requires provincial approval for municipal-federal agreements, unlike Alberta.

There's a great example on why this is important. It was three, four weeks ago a federal minister rolled into Alberta and committed \$200 million to help build homes. We all said: thank you; great stuff. Then they went next door to B.C., with almost exactly the same population as Alberta, and dropped \$2 billion the next day. So we're only getting one-tenth, potentially, of what's fair. Something has got to change. Doing the same doesn't seem to be the answer, so we're going to try to do something different, and we're going to try to model it on a model that's demonstrably successful within the Canadian federation.

Mr. Kasawski: Can you provide an update on your request to municipalities to provide their inventories of the municipal-federal agreements?

Mr. McIver: Yeah. That's what it is. We want to make sure there are no unintended consequences. I guess a simple example would be that we don't want the municipalities to lose their lease with the federal government on all the mailboxes in town. That's not our intent. We don't want that to be an unintended consequence of what we do.

To know so that we don't have those unintended consequences – of course, any time you do anything, there's always a risk that you'll miss a detail. But part of our responsibility is to try not to miss the details. And part of that is to go to the municipalities and say: "What are your deals? What are your agreements with the federal government? Tell us so that we can hopefully not mess it up while we're trying to get you more money from the federal government."

If I'm not mistaken, the average number of ongoing agreements that municipalities have with the federal government is eight. About eight, yes. I say "about." Eight is the average, but some have, I suppose, one or two more, one or two less. But eight is the average.

Mr. Kasawski: The average number of agreements is about eight agreements?

Mr. McIver: Yeah. We just didn't know because we're not party to those agreements. The only way to know is to ask, and that's also the only way that we can try to avoid unintended consequences while we're trying to do a great amount of good for Alberta and our municipalities: to try to avoid those unintended consequences while we're trying to help.

Mr. Kasawski: Okay. You know, I'm going to move on. I was going to explore what unintended consequences are.

Mr. McIver: Unintended consequences are if we say, "You can't make any deals with the federal government without talking to us," and then someone in the federal government says, "Well, we can't deliver mail anymore because you haven't got any place to deliver it to in your municipality because you lost your lease."

Mr. Kasawski: Interesting.

Mr. McIver: Now, we hope that day would never come, but we don't want to bring it on ourselves either and bring it on municipalities. By communicating, talking to people ahead of time, we want to avoid those unintended consequences.

Mr. Kasawski: To try and create some guardrails for the government to sort of flex?

Mr. McIver: No. Actually, to get more money, to get the fair amount of funding from the federal government in Alberta that other governments get. We get shortchanged all the time. It was not very long ago that another ministry talked about – and I don't want to just quote that. There were other provinces that got a whole bunch of funding for transportation projects, and I think Alberta was zero for nine. I gave you another example, where we got \$200 million, which we're grateful for, but B.C. the next day got \$2 billion. We're not getting a good deal within this federation. It's not right. The federal government shouldn't treat Alberta that way, so it's up to our government to stand up for Alberta. That is exactly what is part of my mandate, and it's part of what our Premier is trying to do for all Albertans, and we're happy to be part of that here in Municipal Affairs.

Mr. Kasawski: Okay. Thank you.

In section 2.1, I think, of the business plan: Alberta's local governments encourage and support economic prosperity. I think it reads: enhance "municipal . . . delivery through regional cooperation and growth management boards." I understand that there might be funding that's being cut to the Calgary Metropolitan Region Board and the Edmonton Metropolitan Region Board. Is that correct? Or no funding is being cut to those boards?

Mr. McIver: I think it's flat: a million dollars. Yeah, it's flat.

Mr. Kasawski: Okay. Good. I heard a million dollars cut, but you're saying that the funding is probably staying flat at a million.

Mr. McIver: Yes.

Mr. Kasawski: Good. Thank you. Great.

Mr. McIver: And they asked for more, which means it's a day that ends in "y," because people ask for more every day.

Mr. Kasawski: Okay. Are there any other ways that you're enhancing regional co-operation and growth management besides those two boards?

Mr. McIver: Gosh. Well, we encourage municipalities to work together. They're all required to have ICFs, intermunicipal collaboration frameworks. ACP grants we use to assist with municipal co-operation and collaboration to try to incent it and to help it along. These are simple things for some municipalities and complicated for others. It depends on who's on your border or, in the case of the rurals, who's within your border. I'm pulling numbers out of the air, but I believe they're within the relevant range. Some rural municipalities may have two or three or four small urbans within their boundaries. Some might have as many as 20 or 30. They have to have intermunicipal collaboration frameworks with all of them, and it's all intended to have them co-operate, work together, cost share, whatever, all those ranges of things that build community and, hopefully, have neighbours working together instead of feuding, although on the ground sometimes it works both ways. But we try to encourage the good way.

Mr. Kasawski: Sure. Section 2.3 of the business plan, I think, is reviewing the Local Authorities Election Act. The objective in the business plan is to "review the Local Authorities Election Act and the Municipal Government Act" with an eye to "strengthen public trust in the integrity of Alberta's . . . election laws, and improve councillor accountability to their residents." The RMA passed a resolution – I think it was just yesterday – to maintain nonpartisan municipal elections, with about 88 per cent in favour. Alberta Municipalities passed a similar resolution. Government estimates, the operating expense section, 2.2, municipal policy and engagement: municipal policy and engagement is moving up by about a million dollars, from about 3 and a half million last year to not quite 4 and a half million this year. Is the additional money needed for work on changing the local municipal governance act to add political parties into the local election?

Mr. McIver: No. I would say to you that we review the Local Authorities Election Act every four years, after every municipal election. Part of that process is doing our own investigations as well as listening to municipalities about what worked well for them and for Alberta in the last election and what we can change to make it work better.

I think we're going to ask my assistant deputy minister to add to this. How's that?

Mr. Sandberg: I can just give you a very quick and simple explanation for that change in budget. It is an internal reallocation where we simply moved some staff from one area of my division to policy and engagement because we recognized we were going to be doing an increased amount of engagement over last year and this year and next year.

Thank you.

Mr. McIver: Yeah. We do policy work all the time. The Municipal Government Act is, I think, the second-largest piece of legislation in the government of Alberta: very thick, lots of stuff. Municipalities are always – always – after us to update the Municipal Government Act in some way and often after us to update the Local Authorities Election Act. There is some stuff coming forward. Not being evasive, but, again, the rules require that I can't tell you what's in the legislation coming up until I tell everybody all at once, or else somebody's rights as a Member of the Legislative Assembly will be offended, and we do not want to do that.

Mr. Kasawski: We do not.

8:10

Mr. McIver: But I can tell you about some of the things that we're looking at. Some municipalities were counting ballots with tabulators. I don't know how it got in there, but there was a rule in the legislation, which I guess means it's still there now, that we might have to consider changing, that if the votes are counted by a tabulator, there can be no recounts. Imagine. You don't have to imagine because it happened. There were several thousand votes, and double digits were the difference in winning or losing an election, and our legislation doesn't allow a recount.

Now, again, I'm sure that when that went in there, it was well intended, thinking the machines don't fail. And it might be that the machines didn't fail, but I do think there might be some Albertans that would have felt better if, when it was that close, we were able to take a second peek, but it was against the law. So that's something that will have to be considered in this round of changes. That's just kind of easy to point at.

But there's lots of stuff. There's stuff where sometimes in municipalities, small municipalities, there are very few people that want to volunteer to help oversee the conduct of an election. Sometimes the municipality is quite small, and some of the people that want to oversee and look after the conduct of the election end up being related to somebody who's in the election. You know what? With 330, roughly, municipalities and all the different variances, from over a million and a half down to some with as few as 50 people, trying to get a set of rules that fits everybody is complex, and sometimes we've got to make adjustments to try to make sure it works as well as it can under the different circumstances that crop up.

Mr. Kasawski: I don't know if this will be my last question, but I sense that we don't agree on this, on parties in municipal elections. Is there a business case for introducing legislation that would allow political parties at the municipal level?

Mr. McIver: If you don't mind, I would say that you're asking the wrong question. It's hardly relevant if there's a business case. What's relevant is that there is a demonstrable fairness in a process, in a democratic process, where it doesn't tilt the playing field one way or another. I think there's also room for rules and regulations. To be clear, there are no rules now that restrict political party activity in municipalities. To coin a phrase, it's kind of the Wild West. That's when there are no rules.

I would argue that political party like activity is happening, has happened for a long time, probably always happened, and we think it might be time to put some rules around it. I know there are those that say that there is no sign of political party activity in municipal elections. As someone who was elected municipally for nine years, I would say different. I identified as a Conservative. I tried to behave and vote and act as somebody with Conservative ideology. There are certain people I served with that also identified that way and others that identified differently, and all of that is okay. I mean, you know, none of it's illegal. None of it's wrong. But when it comes to large amounts of money being spent in elections to get a slate or a block of people elected, perhaps there should be some rules around it. I think that in having some reasonable rules around it, you could actually – since there are no rules now and we're thinking about adding rules, you could legitimately argue that that will make it harder to have political parties, because when you go from no rules to some rules, that technically should make it harder.

Now, other people will say that it makes it easier because that gives them a road map to create a political party. I guess I understand that, too. I don't think it holds as much water, but it's a legitimate argument. But I think that having the accountability is worth while and the transparency. If somebody has given a lot of

money to candidates to get a slate elected, I think it's legitimate that the public should maybe have some of that disclosed.

Mr. Kasawski: Okay. I think that's probably a good place to stop, Chair.

Thank you, Minister.

The Chair: That concludes the first portion of questions for the Official Opposition.

We move on to the independent for 20 minutes. Would you like to share time?

Mrs. Johnson: I would love to share the time if the minister is willing.

Mr. McIver: Yes, Chair, I would be willing to share my time.

The Chair: Okay. Fair enough. We've got 20 minutes. Go ahead.

Mrs. Johnson: Thank you, Mr. Chair, and through you to the minister and to his staff: thank you for being here.

On page 111 of the ministerial business plan. Performance metrics for the number of municipalities not compliant with the legislated 5 to 1 ratio, which specifies the maximum spread between nonresidential and residential property tax rates: can the minister first provide a more detailed explanation of this 5 to 1 ratio and how it is implemented practically? How is this 5 to 1 ratio determined, and is it beneficial universally?

Mr. McIver: Well, beneficial universally: "universally" is a big word. I would say that mostly universally it's beneficial. I think it's a good . . .

Mrs. Johnson: Can I clarify? It was going down to the goal; the targets were going down to two. So do you want to eventually get to zero, through the chair, or is it okay to have some flexibility? Do you want this to be universal? So we're going to zero, or does the minister think that there's some beneficial . . .

Mr. McIver: No. I think that right now our goal is just to get within 5 to 1. I think that at the genesis of it, it's a legislative maximum spread between a municipality's highest nonresidential property tax rate and its lowest residential property tax rate.

A key to economic prosperity in municipalities is minimizing barriers to investment; in other words, attracting business, because when you attract business, you create more opportunities, more jobs, more investment, which is actually better for the municipality as well as the people that live there. Municipalities can sometimes get caught in a trap because businesses don't vote, but people do. It's kind of a convenient short-term argument to say, "Well, we're going to put a bigger tax load on you, homeowner, but we have increased expenses, so we're just going to put the load on businesses because they can't vote against us."

While that might be a convenient short-term strategy and a successful short-term strategy, we believe that long term it can catch up on a municipality in a very negative way when the municipality becomes so heavily taxed on the business side that businesses no longer want to locate there. It's like a lot of things are; there are a lot of diminishing returns, if you will. In the short term it seems convenient that the businesses that are there pay more taxes, and more and more and more. I guess as long as they're willing to pay them and able to pay them, I suppose some would say that's a good thing, but at some point your municipality becomes unattractive to other businesses when they compare tax rates, and at some point municipalities may even start closing and moving out.

Most municipalities will actually tell you if you talk to them that they benefit more from nonresidential taxes than they do from residential taxes on average. There are exceptions to every rule, but on average – and I guess because residential taxpayers use a lot of services. They're the ones whose kids play in the park. They're the ones that use the arenas. They're the ones that use the rec centres. They're the ones that drive on the roads. They're the ones that call bylaw officers. They're the ones that do all that stuff, where businesses, well, certainly use the roads and the sidewalks and stuff. There are a lot of other municipal amenities they don't use, and they oftentimes pay a lot of taxes if they're a successful business, which makes them an attractive thing for municipalities to go after in order to bolster their ability to pay for their goods. That actually can eventually turn against the municipality. Businesses complained about fairness, and they didn't say: we need to pay the same.

I think it was negotiated, if you will, and accepted at some point that 5 to 1 was a reasonable spread. You could argue different numbers. I wouldn't say it's arbitrary. That's not right. It came about through discussions with both residents and businesses. It's not arbitrary. I guess you could have landed at 3 to 1 or 10 to 1, but we landed at 5 to 1 after those discussions. So that's what we do.

In 2016 there were 29 noncompliant communities within Alberta. That number has steadily declined since. As of 2023 only eight remain that are noncompliant, and we are working with them, gently, I suppose, but not too gently, pressuring them to get within that 5 to 1 ratio.

8:20

They're well aware that we have the legislative authority to put the hammer down and force it, but that's not how we want it to work with our municipalities. We really want to inspire compliance and get co-operation. That's what we're trying to do. I would say that we're making progress. But, again, on the law of diminishing returns the first progress was easy and the late progress is a little more hard. We're still trying to co-operate with, put pressure on, and try to inspire those remaining communities to get within that 5 to 1 ratio because we think it's good for them, and we think it's good for all of Alberta.

Mrs. Johnson: Mr. Chair, thank you to the minister. I think inspiration is always good for everyone.

You kind of went into my next question here, Minister. With that information, the result for 2022, as the minister said, was noncompliant. Targets are eventually going to two for 2026. So can the minister explain what measures are currently being taken – the minister mentioned inspiration – to work with municipalities to ensure this compliance of the 5 to 1 ratio?

Mr. McIver: Well, we remind them that we have the authority. I mean, we didn't start out this way, but we are getting to maybe perhaps the municipality is either finding it harder to do that or maybe less inspired to do it, so we're trying to get them to be more inspired to get it done. Sorry; if not everybody has to follow the rules, it can kind of inspire everybody else to say: well, I don't have to follow the rules either. We're trying to be as gentle as we can but not so gentle that we get ignored. We haven't had to be forceful or put a hammer down or anything yet.

Where there's progress, we applaud and encourage the progress. In most cases we've had some progress and we applaud it, but we don't applaud it too much because we want the progress to get all the way to the 5 to 1 ratio. That's our goal.

Mrs. Johnson: Yes. Mr. Chair, thank you to the minister.

On page 113 of the ministerial business plan, performance metrics, the number of injuries and fatalities caused by structural or

mechanical failure of buildings and associated systems per 100,000 in Alberta was .61 for 2022. In practical terms this is about six per million; in actual numbers that would be about 27 people. The targets for 2024 are .64 per 100,000; targets do come back again to our .61 for 2026. In the meantime can the minister explain the higher target numbers for 2024 and '25? Also, how do our numbers compare interprovincially?

Mr. McIver: Well, it gets measured on a regular basis, and it goes up and down. Our targets are obviously designed, again, to hopefully inspire and incent lower numbers. Some of the occupational health and safety rules don't necessarily fall completely within our ministry. Then we have a labour ministry that oversees that stuff.

There are other incentives, too, for employers to lower their injury rates, on-the-job rates. It's good for municipalities. You can say that 27 is not a lot of people that get killed or injured, but if one of them is your son or daughter or mother or father or husband or wife, then that's one too many. We'd like to take the attitude that any injury is one too many and any death is one too many and try to work with people.

Some municipalities have implemented new record-management systems that have caused delays in their ability to report that can deal with some of the things. That's certainly caused gaps for '21 and '22 reporting. Ministry staff, however, work with municipalities to resolve the reporting issues. When we get the data, we recalculate using the required data, and we try to evaluate if new targets should be developed each year. We'll continue to do this. It's one of those things with no finish line. Sadly, as long as there's activity going on, somebody is going to get hurt at some point, but that's not an excuse to let it happen. We don't let it happen. We have people within our ministry and beyond.

I understand British Columbia had a higher number of fatalities related to gas and fire disciplines and a similar number in other disciplines on a per capita basis. Ontario and Alberta had roughly the same number of fatalities in the fire- and electrical-related disciplines. Alberta has slightly more fatalities in the gas discipline than Saskatchewan, but Saskatchewan has more injuries. My point of this is not who's winning and who's losing; rather, that we do make the effort to compare as a benchmark, knowing that our ultimate goal is zero. But we've got to make sure that if any time we're not the lowest or amongst the lowest, there's probably something more we can do. It's a kick in the pants for us, if you will, or a gentle reminder, if you'd rather say it that way, to say: okay; what can we do better? It's better for Alberta municipalities. It's better for Alberta people.

Mrs. Johnson: Thank you, Mr. Chair to the minister.

On page 114 of the ministerial business plan, revenue, other transfers from government of Canada are going from \$30,041,000 in 2023-24 to a mere \$3,280,000 in '26-27, decreasing 10 times over. Can the minister explain what these government of Canada transfers were and the indicated decrease?

Mr. McIver: Other transfers reflect funding received under the investing in Canada infrastructure program, ICIP. It's a cost-share program. Municipal Affairs administers the ICIP projects being carried out by municipalities under rural and northern Alberta's green infrastructure and community culture and recreation streams of the program. It's a time-limited program, so the decline in revenue over time reflects reduced funding requirements as previously approved projects are gradually completed. Our colleague on the other side asked a bit of a similar question earlier, and I think that because it was the same question, I believe we gave the same answer.

Mrs. Johnson: Oh, okay. I'm sorry.

Mr. McIver: No. But he asked it in a different way.

So that's the reason why that changes. It's that as the projects get completed, we use up the funding, and then there's no more to report on after that.

Mrs. Johnson: All right. Thank you, Mr. Chair to the minister.

On page 104 of the fiscal plan under municipal infrastructure support:

The Local Growth and Sustainability Grant Program – valued at \$60 million over three years . . . will enable municipalities to fund infrastructure that supports economic development and addresses unique and emergent needs in their communities.

And continuing:

The government is investing \$539 million over three years to expand and enhance municipal water and wastewater infrastructure. Under the Strategic Transportation Infrastructure Program, \$111 million over three years is allocated to improve accessibility and the movement of goods and people.

There are many communities in our province that could make that funding disappear overnight. Some of these communities might be called heritage communities. One such active community in my constituency, over 100 years old, is dealing with multiple and massive issues like waste water, road maintenance, health and wellness, and other infrastructure. Can the minister speak to the unique needs of these heritage communities and some viable options for them so they can not just survive but thrive?

Mr. McIver: Okay. Well, that's a good question. Some of the programs that you named are not ours. The strategic transportation infrastructure program: Transportation administers that, so I can't touch on that.

But, certainly, the local growth and sustainability grant is that \$20 million per year over three years that I talked about in my opening remarks, and we are just putting the meat on the bones on that about what the rules will be about that. As I said at RMA this week and Alberta Municipalities last week, we will actually consult with municipalities starting right as soon as the budget is passed and talk about putting the rules and regs around that that will meet government's objectives while still being helpful and useful for municipalities.

Some of the things you name we don't fund directly through Municipal Affairs, but they go through other ministries. On the other hand, a lot of municipalities use their what used to be MSI and now LGFF funds for these types of things. One of the great things about some of our programs is that the municipalities have a wide range of discretion. So even though Transportation, as we talked earlier, funds water and waste water – we don't fund that directly – they can apply their LGFF funds or the MSI funds to their waste-water project or to their water project or to their local bridges and roads and such. One of the nice things about the – we don't do the only funding within government, but our fundings: they don't have a complete blank slate on what they could spend the money on, but it's pretty flexible. They very seldom would say no just to a legitimate municipal thing. So we end up with our funding supporting some of those things, but that's a local decision. That's not our decision. Our funding is designed to give. We don't want to be too prescriptive because it can punish somebody. Again, unintended consequence.

8:30

If you've got two communities, one that has just invested a whole bunch of money to bring all their water and waste water up to date and the one next door has invested a bunch of money to bring all of

their parks and recreation facilities up to date, then if you do a park and recreation project only, then you punish the one that's got everything up to date, and if you do a water and waste-water program only, then you punish the one that's already spent; you punish the ones that have behaved the best on that. We find that by providing the flexibility and with the large number of municipalities, that gives everybody the best chance of making a positive impact for their residents using the flexible capital funding that we're able to provide through Municipal Affairs.

Mrs. Johnson: All right. Thank you, Mr. Chair, to the minister. I'm going to come back to that a little bit. I appreciate the flexibility for the LGFF, and when I think of these heritage communities, they're certainly using that flexibility. I'm going to, I think, speak – my mayor's voice is in my head. We used all our MSI funding for this emergency because – I'm going to take, for example: their lagoons were leaking, and there were so many problems, and they were ready to cave in, so it had to be done. Well, there's no MSI funding for the next emergency, which was, you know, crumbling streets or crumbling sidewalks. So it's just not enough.

They must be one of your successful communities if you're hearing from them – right? – if they're saying that it's just not enough; they want more. But some of these heritage communities really do have very unique, massive needs, and I guess that's where my question is coming from. Can the minister speak to some of these unique needs of these heritage communities?

Mr. McIver: Well, every community has unique needs, and we try to be flexible with that because we deal with them all at Municipal Affairs. Again, that's why our programs are flexible. A lot of it has to do with the current council and how they handle their financial wherewithal as well as past councils', because each council inherits the financial condition from the council before.

To be clear, we try to be somewhat flexible, too, because lots of municipalities are blessed with greater or lesser abilities to raise revenue to fix their infrastructure and deal with it. Some are fortunate. Some might be in a place where there's a great deal of oil and gas development revenue, forestry. Some might just have a lot of business development, a lot of office; a lot of taxes come from that. Some seem to have very sparse opportunities to raise tax revenue.

Again, another reason why our programs are flexible, but in reality every municipality legitimately has a different story than the one next to it even though there are themes that are recurring. Everybody always wants something, and I've got to say, we've never said that we'll solve all of everybody's problems. Listen, municipalities have to solve some of their own problems with our help. Of course, we're always there to help, but each municipality has to have a council that is creative and has to talk to their residents, too.

The Municipal Government Act that we administer, I think, provides them with also a great amount of flexibility and authority over what decisions they make and what priorities they set for their citizens, hopefully with their citizens, as we try to do by staying in touch with Albertans and with the municipalities, but one size will never fit all. Even though there are tremendous similarities between one municipality and another and even one year and other, things aren't always the same either.

With all this uncertainty and all this variation we do our best, and that's why communication is such a big thing for us. We're constantly talking to municipalities. I am, and I've got amazing staff. As well, we monitor them. You will find, if you look at our website, that we have something called the MMI, the municipal measurement index, where you as a community can compare

yourself to other ones; as a citizen you can compare how your municipality is doing towards other ones.

That's just one of the many ways that we try to keep tabs with an intent to help municipalities and to try to be an early warning system. If the indicators look like they are in trouble or could be getting in trouble, we don't wait. We try not to wait till it's too late. We try to send somebody out and say: look, our indicators say you might need help, and we're here to try to provide that, so why don't we talk about your financial situation, your infrastructure situation, whatever it happens to be.

Mrs. Johnson: Thank you, Mr. Chair.

The Chair: Okay. Thank you very much. That concludes the first portion of questions for the independent member.

We will now move to 20 minutes for the government caucus members and the minister. Who is starting? Member Dyck. Do you want to share time?

Mr. Dyck: If the minister is willing, I would love to share time.

The Chair: Would you like to share time?

Mr. McIver: You know, I don't always do it, but I was taught that sharing is good, so let's try it out.

Mr. Dyck: Minister, thanks. Your parents were excellent.

The Chair: Just to remind everyone, we'll take our break after this 20-minute span here, a five-minute break.

Go ahead. You've got 20 minutes.

Mr. Dyck: Yeah. Thanks so very much. Thanks, Minister, for coming out this evening and all the staff, too, as well. I know that giving up an evening is not always the best, but thank you for being here. Thank you for supporting the minister and doing excellent work. This is fantastic.

I have some questions mostly revolving around building codes, and a lot of my questions just come because we know that people are coming. We have an Alberta advantage. People are moving here in droves, whether it's entrepreneurs or investors that are coming here. What I really want to talk about right now is: there's an item in your mandate letter to work with municipalities to benchmark, measure, and reduce the time to approve permits to attract a more business investment environment. Now, I think this sounds like this is probably mostly true.

I'm going to talk about my riding in Grande Prairie. We would love more opportunity to build more houses. This is about the statement of operations on page 176. We've kind of talked a little bit about the local growth and sustainability grant. I'm curious if that \$20 million – would this be in part to insist individual municipalities work with Alberta's government to reduce the municipal red tape and get building and other permits out the door as fast and as quickly as possible?

Mr. McIver: Yes and no. Red tape matters, okay? I'm never going to say that it doesn't, but this \$20 million grant isn't specifically about that. This is for two reasons. One is to try to assist municipalities when they do what our government is asking them to do. We ask municipalities to join us in our efforts as a provincial government to bring in more businesses, provide more jobs, more investment, more opportunities, more of a bright future for Alberta, and when municipalities say yes, either because we ask them to or just because they're good at their jobs and do that, sometimes it puts pressure on the infrastructure that they may need to support that

economic development, and we hope that this grant will make some meaningful contribution to that.

The other reason for it is that municipalities just come up between a rock and a hard place sometimes, where they have to fix something because it just has to be done and it doesn't fit into any of our funding envelopes or maybe not government's funding envelopes to try to help them be sustainable. It just gives us, we hope, a tool that might help some of them out.

Yeah. Again, I'll never say that red tape doesn't matter because it does, but part of this is that one of the things that we want to incent them to do at this point, on top of just bringing in business, is to provide housing. As I said, I was a little evasive with our other colleague across the way there, and I'll be equally evasive with you. Minister Nixon is the lead on this, but our ministry certainly works with him on what we're trying to do to incent and support housing, you know, subsidized, attainable, and market housing. You'll see that legislation. I can't tell you any more than I could tell our friend across the way because the legislation isn't out yet.

But we are intending, we expect to be bringing forward incentives for municipalities to say yes to things, to work with the building development industry, and to – we've got a lot of homes to build. We've got a lot of people to do it. The government can't do it all. So we'll also be trying to co-ordinate and quarterback some meetings between all the affected parties, the parties that can move the ball down the field and advance the stock of housing for every income bracket, if you will, of Albertans that requires that housing, and to be clear, all Albertans require housing. Some are just able to afford different levels, different expense levels of housing than others.

8:40

Mr. Dyck: Just to follow up, just to make sure I'm clear, Minister, is there any money in the budget or in your ministry to help the applications for permits to be as seamless as possible, to streamline that process at all for them? There seems to be some – like, where I'm from, Grande Prairie, I think we can turn a permit for, like, a new house in a couple of days, so I think they're doing a good job. But I've heard this from a few builders now across Alberta, that it's the permitting time frame that can be quite extensive. Is there any streamlining or any money in that specifically for that permitting process, streamlining it to be able to bring that about faster?

Mr. McIver: The short answer: I would say no.

Mr. Dyck: Okay.

Mr. McIver: It may not be what you want to hear.

We are actively working with them and trying to encourage them to find ways to get the applications approved faster. One of the things is that we try to compare municipalities to each other and brag about the ones with short approval times. There's lots of friendly rivalry and competition between municipalities, which actually spurs innovation and incents people to do better and go faster and to be more effective with that kind of stuff. Frankly, we're happy to see there are lots of friendly rivalries around. I'd like to think we played a bit of a role in that in terms of facilitating the ability to compare notes. Now sometimes they don't need us anymore. Once they feel like they're good at it, they tell their neighbours how much better they are. I think it's meant in a positive way, though, you know, competitive. We're part of that. We feel good about, I think, having started some of these. But I've got to say that municipalities, a lot of them, are pretty darn forward thinking and innovative on their own.

One of the things that we try to do is risk-based inspections so that builders and such that do a good job and they get everything right – 20 inspections out of 20 and never a problem – sometimes they might make it so, to save costs, they don't need to be inspected quite as often. Conversely, for builders and developers that if out of 20 inspections something needs fixing 15 times, they'll get more inspections. There's probably a zone where we figure they got it about right, where people get it right most of the time, they have the odd mistake, and it's good to have inspections to keep them on the right track. These are things that we do that we think actually reduce job delays for constructors and also increase the quality for people receiving the end result of that construction work.

We try to, in our budget, I guess, spend the money where it does the most good, where we incent and encourage good behaviour and where we try to correct and discourage bad behaviour and try to bring everybody up to a good level at the same time.

Mr. Dyck: Awesome. Thank you.

Kind of along this vein, too, as well – I love technology. I love hearing about new things. I know technology in the building trades is constantly evolving. They're going fast. The incorporation of technology can be, you know, something different: flame retardant, for instance, in building. But sometimes it can be pretty cumbersome to get through some of the red tape on the building codes – in the incorporation of these technologies; I shouldn't say building codes, specifically. Is the ministry working on the speed, to be able to speed up the process for builders to incorporate new forms of technology?

Mr. McIver: Yeah, we do. But, again, there are so many things that we do that are a two-edged sword. You know, the building codes are largely national. Each province has the ability to vary from the national code, but most provinces, including Alberta, largely adhere to it. That's good because one thing – whether you're a resident buying a home in another province or a business buying another business building in another province, it's good to know that the building standards within Canada are somewhat similar so you kind of know what you're getting. It kind of makes that all easier to happen.

Let's face it. In the last 50 years – you could say 100; we'll just say 50 – the environmental standards for building have gotten way higher. The safety standards have gotten way higher. The quality standards have gotten higher. There are new technologies. There are new building materials. There's a new way of processing the old building materials to make them better. We encourage that, but we also have to be mindful of the fact that if you go right to the top of the scale for safety and environmental quality, then you're dropping down on the affordability. If you go right to the top of the scale where you want to be on affordability so that everybody can afford a house or a building, then maybe the houses won't be safe, and they won't be very environmentally friendly. So these positive things that we want to encourage: all of it actually works against each other a little bit. With the input from people that build homes and businesses and municipalities and the construction trade and everything, we try to really balance all that off and take advice.

For an example, again, I heard from electricians here lately. I don't know whether it's some of the stuff in the building code. It costs too much, in their opinion. I was talking to an electrician. We do equivalences through Standata, when we do updates and stuff, bulletins, if you will, that come out, that keep up to date. But I've heard a number of things on electricians later. I'm not an electrician, but the one thing they tell me is that the standard pipe, if you will, that comes out of the ground to the electrical box in your home was

a certain diameter around, and now the new standard is bigger. Some electricians have said: well, unless you're using a really big electrical box, a really big service, you know, then this bigger pipe doesn't do a darn thing for you, but it adds \$400 to the cost of the house. If you do that 10 times, then, of course, there's \$4,000, and on and on and on.

So we try to be sensitive to these things, and we try to learn from the tradespeople and building people and such, too, while we do it. It's an ongoing process, and we adjust as we can, but we do try to keep up to the national building codes because we want Alberta to be at the forefront of things, and that runs right up against affordability. That's the balance that we try to – while it's never perfect, we can do the best job we can by staying constantly in touch with municipalities, homeowners, builders, and everybody else involved in the process.

Mr. Dyck: Awesome. Thank you very much, Minister. I really appreciate the conversation here.

I'm going to turn my time, cede the rest of my time over to Member Sinclair here. I think he might have a couple of things to ask about as well.

Mr. Sinclair: Thank you very much. Thank you to my colleague. Thank you, Mr. Chair, and thank you, Minister and to your team for all the hard work. I'm grateful for the work and specifically the difficult but incredibly important balance, I would say, between the budget predictability and fiscal responsibility, with the emphasis on tying the LGFF to the province's financial revenue. Through the chair to the minister, I apologize if this is overlap. I am but a simple man and new to politics, so if this sounds like a similar question to what we were talking earlier – I was just wondering if maybe we could go back to the MSI and the LGFF. I'm new to politics and government, so I didn't know – I've said this before – that I'd need a doctorate in acronyms to be able to remember all these. But specifically . . .

Mr. McIver: Too many TLAs. Three-letter acronyms.

Mr. Sinclair: Okay. Sounds good.

I'm aware that the government has recently transitioned from the municipal sustainability initiative to the local government fiscal framework. Under line item 5.1 of your government estimates the budget '24-25 allocates \$60 million for the LGFF operating program, which replaces the municipal sustainability initiative. I'm wondering if you could just explain a little bit more about the importance of the transition to me and possibly a lot of the people in my riding, who also don't have doctorates in acronyms, in maybe more layman's terms. Also, if you don't mind just letting me know if some of the municipalities have the transfers frozen at pre-2024 levels. Will the way the figures are calculated mean any municipality won't get as much as they did in the past?

Mr. McIver: Well, in this year coming up, nobody will get less than they got. They'll be able to get less next year and the year after that because of the way – you asked about some of the difference between the MSI and the LGFF. The MSI: government could adjust it up and down as we needed to, or as, I suppose you could say, we wanted to. But a lot of that ended up being based to some degree on government revenues anyway because we are still a government that's heavily dependent upon resource revenues. There are lots of opinions and thoughts on that, but the fact is that if you've got somewhere between \$2 billion and \$20 billion coming in, you can't ignore that fact if you're in government, okay? You just can't ignore it. So we try to use it as wisely as we can.

8:50

The MSI: it would go up and down from time to time based on a government decision. Municipality says: that's way too unpredictable for us. They sometimes would end up in a position where if they had a project, construction project, that lasted two years, it's the worst thing for them. If they have a \$20 million project for some size of municipality, they get into the second year, and then their funding gets cut by a certain amount, and then they find they're half a million or a million short that they need to borrow, it puts them in a very bad spot. It's part of the reason why the LGFF works, because municipalities help design it. They said: "Look, we get it. You've got resource revenue. It goes up and down. It's unpredictable, and we get cut in the bad years. We can live with that as long as we get the love in the good years. We'll take the pain if we get the love." That's kind of what they're saying. So that's what the LGFF brings to the table, that their revenue automatically goes up and down with the provincial revenue.

The other beautiful thing about it is that with the three-year delay they know ahead of time. If this budget gets approved, as we hope it will, they will already know what the year starting April 1st's revenue will be for their municipality, and they'll also know next year, and soon they'll know the year after that. So they'll know, like, essentially, two or more years ahead. It really puts them in a position to not get caught short, to say, "We're going to pave this section of road in our municipality that, you know, we barely can afford to do, but we're going to get 'er done," and then they won't get surprises that – yeah, whoops – you're going to get a million or half a million or \$2 million, depending on the size of your municipality, less from the province. They should already know. They can make plans. They can try to sign contracts and do all of that.

I've got to say that it really shows a high level of sophistication and maturity on the part of the municipalities that they say: "We get it. We'll take a haircut when the province takes a haircut, but by golly we want to be rewarded by the market when the province gets rewarded, too." We've decided that's a fair trade-off, and we think municipalities will enjoy this.

And, like I said, not because I'm smart but because I'm lucky, next year it'll go up by 13, 14 per cent. Definitely not because I'm smart, but just it's fortunate that I as the minister introduced this program. It would have been a lot harder to sell if I had to say: yeah; I know you've got this great program, and it goes down by 10 per cent next year. But I'm lucky, so that gets us off to a good start. But over time, when you look at the average Alberta government annual revenues, it goes up a lot more often than it goes down. We think over time municipalities will appreciate and benefit from that up-and-down pattern.

Mr. Sinclair: Wonderful. Thank you, Mr. Chair. Thank you, Minister.

Second question. We've also had – just moving to the ACP program if that's okay. I don't want to be tight for time here, and it's a two-part question. We've also had the Alberta community partnership program as something that provides operating funding to municipalities. If I refer you to page 114 in the ministry business plan, the estimate for this coming fiscal year is consistent with what has happened in the past, and it's forecast to carry through to fiscal '26-27 at \$15.4 million. It is a two-part question. My first one, my question is: why do you have two different programs providing operating funding to municipalities, the ACP and the LGFF? It'll have to be a quick answer; I apologize.

The second one is the local growth and sustainability grant. I would have to admit – I don't know if I'm under oath or what the

official word is – I stepped out to FaceTime my daughter for bedtime. I heard you had \$20 million, and I thought I heard you were giving it all to Lesser Slave Lake. If you could clarify that on the record, that would be wonderful.

Mr. McIver: You've got good ears when you hear what didn't get said. I don't have ears that good.

But I will say: listen, the LGFF is the basic capital funding program for municipalities that we just talked about, that goes up and down with provincial revenues. Time is short, so I'm trying to get a little more of your answer in. ACP is an annual competitive program that provides targeted funding to municipalities for regional initiatives. So municipalities want to work together on something: we'll help them study who would pay for how much of a rec centre and what they need or, you know, whatever other thing they want to share, and it's application based, so nobody is guaranteed that funding, and we try to make the best use of it, and municipalities really appreciate it.

The program administers funding under several components, each with its own provincially aligned initiatives. The multicomponent design of ACP makes it a target tool for supporting provincial priorities, and the local government fiscal framework operating component, which is part of it, is allocation based and provides to all municipalities annually and actually provides them some flexible funding, not only on the operating side but, as well, on the capital side, which municipalities tell us they really appreciate. We work with them, and both programs are somewhat flexible, but on the ACP in particular it's application based, and we have to approve it every time.

Mr. Sinclair: Thank you, Minister.

The Chair: That concludes our government members' first block of questions.

We will take a five-minute break and start back here at 9:01.

[The committee adjourned from 8:56 p.m. to 9:01 p.m.]

The Chair: Okay. Now we move to the second round of questions and responses. The speaking rotation going forward will be the same as the first round, starting with the Official Opposition, followed by the independent members, and then the government caucus. However, the speaking times are now reduced to five minutes in duration, which, if they're combined, will be a 10-minute shared time. No one can speak more than five minutes, and you're unable to cede. Five minutes in one stretch. Yeah. I've done that a few times.

We'll start with the opposition members. You've got 10 minutes back and forth.

Mr. Ip: Thank you very much, Mr. Chair. Just want to confirm that the minister is okay with shared time.

Mr. McIver: We're still sharing, sir.

Mr. Ip: Wonderful. Thank you very much. Through you, Mr. Chair, I'd like to actually ask the minister on two items. One is the infrastructure deficit and specifically referencing outcome 1 on page 111 of the government plan. It also relates to page 173 of the estimates document. As the minister is aware, the city of Edmonton is one of the fastest growing cities in North America. As such, many municipalities across Alberta, like Edmonton, are facing growth pressures. As previously mentioned by the minister, the MSI, the municipal sustainability initiative, has now been phased out and replaced by the LGFF along with the local growth and sustainability grant.

But I must point out that Alberta Municipalities, which represents elected and administrative leaders across the province, paints a slightly different picture. They are saying, through their budget analysis, that there's a \$30 billion infrastructure deficit that will worsen and that even though the province has now achieved predictability, sustainability and sort of adequate funding are still to be desired. Compared to 2011, provincial infrastructure funding to municipal governments has dropped by 64 per cent on a per capita basis. That's \$424 per capita in 2011 to \$154 per capita today. If provincial funding for municipal infrastructure has kept pace with Alberta's population growth and inflation, the funding should be \$1.75 billion.

My question to the minister is: does he agree with this assessment, and, moreover, does the province have a plan to address the growing infrastructure deficit that our municipalities face?

Mr. McIver: Well, let me say this. If the municipalities say that they need \$30 billion, my going-in position is that I'm sure that they know what they're talking about. I'm not going to argue with them on that. But on the other hand, it's not always quite as simple as that. We went through a period of time where the previous government racked up debt that took us up to \$70 billion, \$80 billion, almost to \$100 billion, to the point where – I don't know – the annual interest costs are several billion dollars. The government went through a process where we had to get a grip on expenditures and the way things were done, and everybody felt some pain there, including municipalities. I think we have things more under control now, and I'd hope to be in a period where, again – and the LGFF is part of that – there is predictable funding. I don't know what our future government funding will be, but as we talked about, I think, quite a bit here this evening, it'll go up and down, and the municipalities' will go up and down with ours.

Honestly, we all have to make very difficult, very responsible decisions. I can never relieve municipalities of that. Certainly, we will never get to relieve ourselves of that as the province. I believe the day will never come when all of us have all the money we need, so we're always going to have to make difficult value judgments, difficult decisions, and try to do it all in the best interests of Albertans, because the one thing that we have completely in common with Alberta municipalities is that we have exactly the same bosses. The people that elect the – I don't know – couple of thousand municipally elected people in Alberta are exactly, or almost exactly if they're not the same, the same set of human beings that elect the 87 MLAs. When we have the same bosses, we need to keep looking for ways to align our interests, and those interests include controlling our expenditures and trying to spend enough on the capital and the services that Albertans desperately need, want, and deserve.

There's nothing that I believe I, you, or anybody can do to take that tension, that pressure away, but on an ongoing basis we need to constantly talk about it and do the best we can together. That may not be exactly what you want to hear, but I don't think it gets simple. I don't think you can just say, "We'll spend our brains out, and it'll be fine," or you can't just say, "We won't spend anything till we're out." That won't work either. We need to live in reality and deal with things as they occur.

Mr. Ip: Thank you very much, Minister, for the answer.

I certainly recognize that there may not be a hundred per cent alignment, but I do want to sort of get into the number a little bit here that Alberta municipalities, through their own budget analysis, are saying that they need, \$1.75 billion. If you factor in population growth and inflation – and we all would agree that those are certainly very much challenges that we all face in the province –

compared to what is provided, \$724 million, there's quite a large discrepancy there. I'm just wondering if the ministry has considered that in your dialogue with municipalities and tried to arrive at a number that is more aligned.

Mr. McIver: Well, let me just say that that \$1.75 billion that you referenced isn't what we're talking about here tonight because we're talking about our budget as presented. Having said that, I will say to you that I think the capital plan, overall, that our government has, most of it not within Municipal Affairs, is about \$25 billion, and pretty much everything that happens in Alberta happens in a municipality. That's \$25 billion that will essentially get spent on capital within municipalities.

It's possible that they won't always agree on the choices that we make to do on that. I would say that at this point we don't think an extra billion dollars a year would not be sustainable. Listen, I have great sympathy for the needs that municipalities have. I was one of those people that was elected that way for nine years. It was tough then, and it's tough now. But one of the biggest threats to ongoing support for the things that people need in municipalities – housing, education, schools, roads, sidewalks, all that stuff – is the royal "we's" ability to pay. That's why it's a matter of also keeping your financial fiscal house in order while you're doing that and trying to set aside enough on a regular basis to look after these things. If there is an easy answer, I haven't heard it yet, so we'll keep trying to sort through the hard answers.

Mr. Ip: Thank you, Minister. I would certainly say that I have heard from municipalities that those costs, many of those costs, are being downloaded to the local taxpayer through property tax in some cases.

I'm going to move on to the grants in place of taxes program. Of course, as you are aware, Minister, the provincial government doesn't pay property taxes per se. The GIPOT is supposed to provide sort of in lieu what property taxes would have been. It was cut in 2019 by 25 per cent and was cut additionally, and that funding has not been restored. Because for a city like Edmonton, where 60 per cent of the provincial buildings are in the city, there is a deficit or accumulated deficit of maybe \$60 million – maybe not deficit but back property taxes, let's say, for the lack of a better term, since 2019 – does the provincial government have any plans to restore the payment which they have paid in full for decades prior to 2019?

9:10

Mr. McIver: I would say that there is no plan in this year's budget, which is what we're discussing tonight. And you are right. First, the NDP cut that by 25 per cent, and then the government after the NDP cut it by another 25 per cent, which takes it to 50 per cent of the GIPOT. When municipalities complain about this, I'm not without sympathy. I mean, they have expenses to pay, too. So we'll keep listening to them. The short answer: there's no intention in this year's budget to restore that this year. But we will continue to listen to municipalities.

It's also important to notice that if you were to ask municipalities, "Do you want government buildings there?" even with the current level of GIPOT payments, I think most of them would say yes. I think there are a lot of municipalities that would love to have the Legislature there.

The Chair: Thank you, Minister.

We will move on to the independent member now. You have 10 minutes of shared time if that's what you still want.

Mrs. Johnson: All right. Thank you, Mr. Chair and to the minister. In government estimates, page 171, 6.2, the small-communities fund assists communities with populations under 100,000 to complete infrastructure projects. On page 173, 6.2, the 2023-24 budget reflects \$1,291,000, and there's nothing in the budget for '24-25. Can the minister just explain these budget numbers?

Mr. McIver: Okay. Well, the small-communities fund: that's the federal funding program. That's it. That one was launched in 2015; 56 projects were approved under the program, primarily water and waste-water projects. So just as a bit of a clarification I think I said that we don't fund water and waste, and that is true. That is a fact. But this is a flow through from the federal government, where on their behalf we are flowing that money through on the federal government. I just wanted to make sure that members didn't think I was being disingenuous with my previous answers. I was straight-up honest, but this is a different case. The federal government said: we've got this money for municipalities for water; will you hand it out to them? I mean, with a little more rigour than just handing it out, but we said, "Yes, of course," because we support our municipalities. That was 56 projects.

The program budget is fully committed now. It's no longer open to new applications. Due to some construction delays, some timelines for project completions have been extended to '27-28, and that's just a matter of making sure municipalities get that money and get their projects completed. No new funding, that we know of, is coming forth now from the federal government. We're certainly open to it, and to whatever extent they flow money through us to the municipalities, we'll always do our best to get it out the doors and get it out the doors in a responsible way and try to do it meeting whatever conditions are put on by the federal government. We'll constantly continue advocating to the federal government that their programs be about as flexible as ours are so that municipalities don't get caught in the middle of needing some work done and not being able to get the federal funding because the conditions are too strident for it to be useful for them.

We do appreciate the help when we do get it from our friends in Ottawa, and we do our best to deliver.

Mrs. Johnson: Great. Thank you, Mr. Chair and to the minister. I love that he mentioned the flow through for the water project.

If we could go to page 111 of the municipal business plan, 1.5, it is about oil and gas unpaid taxes. I understand the minister had to deal with this a little bit at the RMA this past week. This is a real issue for a lot of our municipalities, some more wealthy than others, some able to absorb the unpaid taxes, some not so much. It seems that a lot of these unpaid taxes are coming from foreign oil and gas companies, from what I understand. Maybe the minister can clarify this and how we are going to ensure that our municipalities are getting their taxes from these unpaid oil and gas companies.

Mr. McIver: Yeah. Again, nothing is ever simple. I've been working together with RMA and their president, Paul, for a number of years on this stuff in both of my tours as Municipal Affairs minister. My first tour: we put Bill 7 in place, which gave the municipalities a bit of a hammer, where they could sue oil and gas companies in a way that they couldn't do before to try to recover that. And no sooner did we do that than they found other ways to get around this. I worked with President Paul and RMA and I worked with our energy minister and got the AER to put in place directive 67, which restricts the ability of oil and gas companies to buy or trade wells when they're behind in their taxes. Yet still they are.

You're not wrong in saying – listen, the vast majority of oil and gas companies are excellent corporate citizens. They pay their bills

without being prompted to, without complaint, without delay. Yet there are some – and you're right; they are almost exclusively foreign owned, maybe not 100 per cent but mostly. They don't seem to care about doing what's right, and every time we cut off one loophole, they seem to find another way to misbehave and not pay their bills. I don't know what the answer is. I committed two days in a row in front of all the members of RMA to work with President Paul, and he committed to working with me. I don't know what the answer is. He did hold the pompoms up today in front of – that's not an expression. He held the pompoms up in front of 400 people and said: repeat after me, everybody; AER.

Whether AER is the answer, I guess we'll work with him and with our energy minister to see whether it is. But whether that's the answer or whether it's not, we will be there to work with them to try to solve it. It's a real problem. We really have found a couple of ways to help, and we haven't done enough yet. We will know we've done enough when it's not a problem anymore, but it's still a problem, and it's still a big problem. We know we've got more to do, and if somebody has a perfect answer, I'd sure like to hear it. Maybe it's out there. But I'll continue to work with RMA, continue to work with our energy minister, and try to put this real big problem to rest. But to be clear, I put great efforts into it in co-operation with those people. We haven't succeeded yet.

Mrs. Johnson: Thank you, Mr. Chair to the minister, for the great work on that and for mentioning the wonderful reeve Paul McLaughlin from the wonderful constituency of Lacombe-Ponoka. Thank you.

Maybe my last question here is from page 172 of government estimates, operating expense 7. I know the minister mentioned this in his opening talk, about grants in place of taxes. Like my colleague to my left, I'm a little new at this. If the minister could explain exactly what that means, that would be wonderful. This budget line is \$36 million. Can the minister explain what grants in place of taxes is and how it is being used?

Mr. McIver: Well, under the law in Canada one order of government cannot tax another order of government. Full stop. So provinces can't tax the feds, feds can't tax the province and can't tax cities, and cities and towns can't tax us. However, it's customary, when somebody has a building in a municipality, that they pay property taxes to the municipality, and as government we don't have to. It's definitely not a tax because they don't have the authority to tax us, so it's a grant in place of that tax.

Some of the opposition members with their questions are correct in their assertion that up until a few years ago our government paid 100 per cent of the would-be property tax, if that was allowed to be charged, in the form of a grant in place of tax. During the NDP's time they reduced 100 per cent to 75 per cent, and during the UCP's time we reduced it from 75 to 50, and I guess no one should be surprised that municipalities are complaining about that. It's a real thing, and they ask us on a regular basis, and there's nothing in this year's budget to adjust or change that.

We hear from municipalities. We listen to them. We'll keep listening to them. I don't know what will happen in the future, but I just have to say straight up, because this evening is about giving information about this year's budget, and the cold, hard truth is that in this year's budget there is no intent or plan to change that percentage from 50.

9:20

Mrs. Johnson: Okay. I am going to be done with that. Thank you, Mr. Chair, through you to the minister and to your staff.

Mr. McIver: Thank you very much.

The Chair: Thank you very much.

We will go to the government caucus now. MLA Hunter, you have 10 minutes.

Mr. Hunter: Thank you, Mr. Chair, and thank you, Minister and your team, for the work you guys do. Minister, I see that the mission statement of Municipal Affairs has the Alberta community partnership, or ACP, program described as a competitive application-based grant program and that the criteria are posted publicly, and all eligible entities can apply. As has been mentioned, the budget for this line item is \$15.4 million. How are the component budgets determined for the Alberta community partnership grants?

Mr. McIver: Well, it's application based, so when there are conditions around, I guess, the things that municipalities can apply for, and they do – there are, like I say, in the neighbourhood of 330 municipalities. The intent of the ACP is to encourage co-operation between neighbouring municipalities, and sometimes it's to help do research for an emerging issue, emerging problem, emerging opportunity. Not everything that's emerging is negative. Sometimes it's positive, too. By "competitive" it means they have to apply for it, but it's not a zero-sum game competitive where community A gets a certain amount of the ACP; community B will get less. It's more as a funding envelope that will deal with the inevitable issues that crop up when you've got 300-plus municipalities. Stuff happens. Stuff crops up. Issues occur. Intermunicipal stuff happens.

The streams are intermunicipal collaboration, municipal restructuring, municipal internship. Actually, it's good for us and municipalities. Getting interns in there – we always need skilled people that know about municipalities, so by supporting interns, it helps provide the labour pool in some of the smaller, in particular, but big municipalities, too, and some of their need to get well-trained people in there.

Mediation and co-operative processes. There are a lot of interjurisdictional disputes that we try to mediate and bring peace on the mountain, whatever that mountain is.

The strategic initiatives. Again, some of those are positive. If we work together with this other municipality, we can achieve some end.

The municipal collaboration is \$5.6 million; the municipal restructuring, \$6 million; municipal internship, \$1 million; mediation, \$0.6 million; and strategic initiatives, \$2.2 million. Now, let me say this. One of the ones that's probably growing or will grow is municipal restructuring. Again, that's why I always say about 330 municipalities, though that might be the exact number because there are several municipalities that are actually today, at this hour, in some process that could end up with them being dissolved or amalgamating with another community or two communities becoming one, some of those things. This program helps us to deal with those issues.

In fact, across Alberta one of the things that happens actively – and we heard about this at RMA, in particular – is that there are a lot of rural municipalities that might contain two, 10, 20, or more small urban municipalities, and in many cases the rural municipality gives them money every year to keep them alive. They do it willingly and knowingly and in the spirit of co-operation and neighbourliness but also in, I think, the spirit of practicality, knowing that if they don't keep the municipality alive, then they dissolve, and they become part of the rural municipality. Then the rural municipality has to organize and pay for everything that the small urban is doing, and sometimes it's better to help than to take it over.

Nonetheless, different municipalities have different realities. Some are growing and thriving and other ones not so much for a

variety of reasons. There's a lot of that that happens. We have great staff that are skilled at determining the value of the ACP opportunities, and – boy, oh, boy – there are lots of cases where somebody might be in a lot more trouble or where we can really help municipalities to get along where they might be feuding for years on end. We try to make the best use of it that we can, and I think it's well respected amongst municipalities.

Lots of them apply for grants. They don't all get them. I think there might not be unanimous agreement, but I think there's widespread agreement that it's a good program and it's genuinely helpful, and I think they're okay with the competitive part of the process because they seem to know how to communicate their needs and why they would apply under these different categories for the grant. And, by golly, every year there seems to be lots of genuine use for it. Actually, I don't know what we'd do without it. I really don't.

Mr. Hunter: Well, I can tell you minister. Just kind of commenting on the hon. member earlier speaking about Lethbridge and the corridor between Lethbridge and Medicine Hat, I think there are 10 communities on there that actually applied on the waste water in Coaldale and water in Taber. They received the grants for those, and that's going to help to be able to understand what the needs are going to be for that corridor. So I do believe that that is a good program. I hope that that continues on.

Mr. McIver: In this year's budget it will.

Mr. Hunter: Good.

On page 112 of the Municipal Affairs business plan if you look under the key objectives, 2.1:

cooperation and growth management boards, including monitoring the effectiveness of the Calgary and Edmonton Metropolitan Regional Boards, and reviewing the legislative provisions related to Intermunicipal Collaboration Frameworks.

Minister, the money that is earmarked for the growth management boards in Calgary and Edmonton: have they been reduced?

Mr. McIver: Flat. Yeah. I think it's been a million dollars a year for a couple or three years at least. Yes. I'm looking for a correction if I didn't get that right.

Mr. Bayne: Yes, Minister. It is consistent with what it has been the previous two years. It was gradually reduced. It was previously at a higher level when the boards were first established and getting their feet under them, but it has been consistent for the last three years.

Mr. Hunter: And, I guess, the reduction: why was the reduction happening?

Mr. McIver: I think the intent at one point was for it to go to zero, for the boards to be self-funding and for it to get to zero. Am I wrong in saying that? Yeah. At this point we do intend to maintain the \$1 million level. It seems that the goal of self-sustainability of these things might be harder to achieve than we hoped, but we still think they have value. We fund them to that level and try to work with them and stay on top of them and encourage them to make good decisions that support the growth and environmental responsibility and economic development that Alberta so desperately needs and co-operation between the municipalities.

I can assure you that not everything is a bed of roses every day. I suppose if all of us in this room were together to decide a bunch of stuff, we would find things to agree on and things to argue over. By golly, they find things to agree on and things to argue over, and we hope that they sort them out and make good decisions together for the benefit of all Albertans.

Mr. Hunter: Thank you, Minister.

Alberta's government is in the midst of a laudable goal to increase the number of housing starts across the province. The projected figure mentioned has been 35,000. I draw your attention to the Municipal Affairs business plan document on page 110. It states, "In order to help ensure Albertans are safe in their homes and communities, Municipal Affairs oversees the province's safety codes system, established by the Safety Codes Act." And a little further down: "In addition to overseeing the safety codes . . . Municipal Affairs, under the New Home [warranty] Buyer Protection Act, administers new home buyer protection policies and programs." Given that this government has committed to implementing solutions as a result of the new-home buyer protections review, what solutions have been implemented so far that will increase consumer protections?

9:30

Mr. McIver: Okay. I might ask some of my staff here to do that, but I think we made some good progress. I know we had the home warranty people in a while ago. Our staff have orchestrated some meetings between builders, home owner-buyers groups. Who would be the right person? I know some, but I know that I've got a staff member here that knows more about it than I do, where we're at with the project.

Ms Cox: There's only a little bit of time; otherwise, I would defer to my colleague Shawn. I will say that we're still in the middle of the review, but we have been making progress on implementing solutions that we've already heard through the consultation. A lot of what we've heard is that folks have had challenges kind of navigating the system and that we needed to do more around sort of education awareness.

The Chair: Thank you very much.

We will go to the Official Opposition. Who is going to go? MLA Sweet, go ahead. You have 10 minutes.

Ms Sweet: Thank you, Mr. Chair. Minister, you're okay to go back and forth still?

Mr. McIver: Let's share.

Ms Sweet: Okay. Thank you, Minister. I want to follow up on one of the member's comments around the unpaid taxes or the oil and gas revenue that our rural municipalities have been asking the government to take action on. In 2020 the government of the time decided to create a tax holiday because the commodity price had decreased significantly for the oil and gas industry. The commitment on that 2020 tax holiday was that was going to only last for three years.

My understanding, Minister – and you can please clarify this for me – is that in December you announced that that tax holiday was going to continue and that, on average, taxes owed to municipalities would be about \$25,000 per well that municipalities would be losing. So this is for the pipeline and new drilling projects; that's the tax holiday. The RMA has requested that that tax holiday end because it is significantly impacting their revenue base. I'm just wondering if you can update us and let us know why the decision was made and what you're doing to support rural municipalities that are looking for that tax.

Mr. McIver: Okay. I'm not sure I agree with everything you said, but I agree that you attempted to be honest with that. Let me clarify. Okay. I'm not saying that you were less than honest. I'm just saying that we might need to clarify it a little bit.

Now, my staff will correct me on this. There are three elements of that, when we did that with the tax holiday. There is the well drilling equipment tax. My notes say that we said right from the get-go that that was going away and not coming back. It's gone away, and as far as I know, it's not coming back.

The second element was the property taxes on the new wells and pipelines, and that was a three-year holiday – I think you characterized that perfectly accurately – and that three-year date comes up December 31, 2024. As far as I know, that's when that holiday will end, not a day before and not a day after. If somebody makes a decision differently, then I believe that will be one that hasn't been made yet. I believe the intent is to do exactly what we said we'd do for three years, and that ends the end of this year.

Now, the third element is a little more complex because that is related to the assessment. Help me with the phrase. Modify – I don't know why, but I lost the words here. Help me out.

Mr. Bayne: It's assessment of mature oil and gas assets, particularly shallow gas.

Mr. McIver: Yes. Thank you. Sorry about that. I just couldn't pull the words out.

We're doing that assessment model review with municipalities and with industry, and the form and/or time of that will come out of that assessment model review with industry and municipalities and how that goes.

What we're trying to do is – when I'm in front of municipalities, I always say that I must have done something bad in a previous life because this has been hanging out there for 20 or 25 years. It probably should have been addressed long ago, and it hasn't been by any government, and I suppose it hasn't been because it's difficult. It's just another one of those things where there's not a real easy, straightforward answer to apply the right level of taxation and the right form of taxation on some of the linear assessment and other things that we deal with. Of course, when you do that, somebody is bound to end up getting more, and somebody is bound to get less, and somebody will be mad at me, so there's my life.

But we are committed to trying to be as transparent as we can and working straight with municipalities, working straight with industry, and working with our highly skilled assessment staff to put in a set of principles that make sense to people that could be applied to these things – amongst other variables, whether the price is high or the price is low – to actually come up with a formula that makes sense now and, hopefully, for some time into the future since no one likes to touch this. We are busy doing that. We're committed to doing it. We're committed to being transparent and working with everybody, and I still expect to get hell every day or on a regular basis about it.

That's what we're into right now. I've tried to answer the question. I hope that gives you a flavour of where we're at with it.

Ms Sweet: I appreciate that, Minister.

Mr. McIver: Let me reiterate: I never accused you of not being honest. I just tried to give some clarification here, okay?

Ms Sweet: Oh, it's fine. I just realized we're probably the oldest electeds in the room right now, including one of our other members, so it's okay. We've been around a long enough time.

I do want to just highlight – then I'll move on to a different topic, and I appreciate your clarity – that yesterday the RMA did pass a resolution asking that there be interim funding for the loss of the oil and gas revenue, and 91.4 per cent of the membership voted in favour. I appreciate what you're saying, but I think that as we look at the shifts with the funding model and the fact that the decision

was made on behalf of municipalities to remove the taxation opportunities, it would be nice to look at the resolution and consider their request.

Now I would like to move on to something a little bit different. Obviously, as you know, being the critic for other files, I've been speaking a lot about wildfire and drought. I wanted to speak a little bit about policy engagement, 2.2, which is on page 170, which is about policy co-ordination and development, legislation, and regulation. I'm just wondering. I've been hearing from municipal partners around trying to ensure that all municipalities are using the same communication when it comes to the drought response. How are we developing educational tools and ensuring that municipalities are consistent across the province if the minister of environment has to look at encouraging municipalities to change some water allocation requirements or things like that? I'm just wondering what your ministry's role is in working with municipalities on that communication strategy and education strategy around water allocation for citizens.

Mr. McIver: Well, we're encouraging them to work with the environment minister and work with each other. Clearly, Municipal Affairs is involved because our members are some of the biggest water users, not the only ones. I think Minister Schulz has really done a wonderful job of trying to get ahead of it. The big problem – listen, we could get super lucky, but luck is not a plan, all right? If it snows like crazy and then rains like crazy, maybe there won't be a problem, but most people don't believe it. I don't believe it. So in the absence of that, we are actually trying to put in an actual plan for the worst while we hope for the best, and I think Minister Schulz is getting ahead of that.

Water licences: I'm not sure if "sacred" is the right word, but they're highly valued, and everybody holds on to them tight and really doesn't want to give an inch, right? It's: whisky is for drinking; water is for fighting over. When it comes to this, that is a true sentiment. Minister Schulz has summoned – I don't know if that's the right word; let's just say "encouraged" – those who hold water licences to think about how much they can share, and then she has encouraged them to actually share it. I think you actually can imagine just how difficult that will be, yet we're trying to do it because it's the right thing to do, and it's surely the right time to do it.

I don't know how that's going to turn out, but I can say that there's a high, high level, after just coming through a week of Rural Municipalities and a week before Urban Municipalities, of awareness, a severely high level of awareness. I think you would really have to – I won't say be under a rock, because that's not fair. But almost everybody knows about it. I don't know how anybody couldn't, but I suppose it's possible if they just came off a real long holiday. People know about it. They're talking about it. I hope they're going to be working together. Our government, through Minister Schulz's ministry, I think, is trying to do that. Municipalities are certainly engaged, and we are encouraging them to work together and be reasonable. If you can share something, share it, and if you need to take something, don't take more than you need.

You know, as an individual that lives in Alberta's largest city, I was actually happy when my council announced yesterday that there are water restrictions in Calgary already. I'll be perfectly happy if I have to have a brown lawn all summer. If the cattle get fed and the crops get watered and in Alberta municipalities people have water to drink, I'll be perfectly happy with a brown lawn.

9:40

Ms Sweet: Okay. Minister, I'm going to interrupt you real quick because I only have 30 seconds left.

Mr. McIver: Okay. Sorry.

Ms Sweet: Real quick: surface rights. I see there's an increase for the Land and Property Rights Tribunal. Is that because you're anticipating that landowners are going to be upset with new legislation that may be telling them what they can do with their surface rights?

The second one. Firefighters are also looking for an advisory panel for multimunicipality groups. I understand that firefighters are under your purview, and I'm just curious if you have entertained looking at that advisory group for multimunicipality co-operation.

Mr. McIver: Well, we'll certainly consider it. We've actually put in place a deputy fire commissioner who is actually a former firefighter. It puts us on better footing in talking to the fire chiefs and the firefighters if we've got somebody that speaks their language, who has been up the ladders and in the smoky buildings. So we're working hard at that.

The Chair: Thank you very much, Minister.

Does the independent have more questions?

Mrs. Johnson: No. Thank you.

The Chair: You're done? Okay. We'll be able to come back to expand on those questions.

We'll go over to the government caucus. Member McDougall has got 10 minutes.

Mr. McDougall: I'll start off. First of all, if you wanted to elaborate on and finish the answer to her, I'll allow you to do that. Otherwise, I'll continue with my questions.

Mr. McIver: Yeah. Well, the Land and Property Rights Tribunal has a \$134,000 increase in salaries and wages to address public-sector compensation and other inflationary pressures. It's off-set by a \$63,000 decrease in salaries and wages and one FTE due to internal reallocation from element 10, Land and Property Rights Tribunal, to 2.2, municipal policy and engagement. It's more or less steady, but we're trying to adjust a little bit within and make sure we have the right-sized panels and the skill sets needed. We're just in the midst of looking, trying to appoint new people to the LPRT to make sure we're staffed up and can meet the needs.

I met with a group of surface rights holders last week, the week before. I think some of the issues through the LPRT they were complaining about – and I'm okay to hear that, but I think that 83 per cent of the decisions were in the land surface rights' favour. I can't comment on individual files because I'll lose my job if I do that. We get to set policy for the LPRT, but I don't get to put my fingers on individual files.

For the firefighters, we're working real hard with them. I think that somewhere a couple of years ago we let some of our communication and some of our co-operation with them slip. They let us know that in the way that only firefighters can, which wasn't very subtle. I'm okay with that because I like clear communication, and based on that clear communication, we've gone a long way to correcting how we communicate and work with them. They are super important people to all Albertans and certainly to our government. We are working very hard within my ministry to make sure that we're on top of the communications and being as co-operative with them as we can.

Mr. McDougall: Thank you.

I'm going to go back to a bit of an issue on the community rinks. As a father who used to have to go out at 5:30 in the morning to

hockey rinks, bringing my little one along, to drink bad coffee and watch him play early in the morning, or for myself, to show up for a hockey game at 11 o'clock at night with a bunch of other old-timers, the reality is that, you know, hockey rinks are in short supply in this province. I'm sure it is in Calgary. As somebody that previously had been involved in running a community association with a couple of rinks, it is kind of well known that within Canada, actually, but certainly in Alberta a lot of these facilities were built in the '60s and '70s and are now going to the end of their useful life. I guess the question I have is: is there any other funding that you do within your budget that will be helping assist to renovate or build other new types of facilities like this in the province? Is that what comes from the federal government program that you administer? I know that the province has been involved in the past in funding some of these types of projects.

Mr. McIver: I would say to you that, generally speaking, we don't intentionally fund these things on purpose. I would say to you that within the very flexible capital funding programs that we have – the LGFF, formerly the MSI – lots of municipalities would choose at their decision to apply that funding to a rec centre or arena. That, I think, is true in this budget, what they're actually talking about here. If you're talking about in the past, during COVID there was an additional \$500 million that went out to municipalities one time only when the economy was really bottoming out to try to stimulate the economy and get some things built. Some municipalities might have got a grant or two that they might have applied to an arena or something. It's not that arenas are bad, but that's not our intention through Municipal Affairs to do that. We provide flexible capital funding, and very often municipalities may choose to apply that very flexible capital funding to arenas or rec centres.

Mr. McDougall: Right. A big part of your budget is administering federal grant programs. I guess I would like to understand a little bit better what exactly is incorporated in things like the Canada community-building fund.

Mr. McIver: The Canada community-building fund started off as – the feds used to call it the gas tax fund. It was based on so many cents per litre on the gas used in Alberta that went to municipalities for capital funding. They're pretty flexible. There are not a lot of rules around it; some, but not a lot. And that is still going on now, but we need to sign very soon a new funding agreement with the federal government on that, and we might be having some – we're of the belief that they want to put some stringent rules around it instead of it being flexible. We might have to have a serious conversation with them about what that looks like. We're, obviously, more in favour of municipalities having the flexibility to do what they need. I guess the more flexible it is, the more useful it is to municipalities. We will advocate on their behalf to maintain all the flexibility that we can. That story hasn't been really written yet.

Two point eight billion dollars has been allocated to Alberta under the current 10-year agreement, that expires in about a week from now, the end of March 2024. So our summer villages will receive a base allocation of \$5,000 per year plus the capital amount.

The formula has been in place since the beginning of the formula, but the federal government seems to want to change the formula, so I think we're in for some important negotiations with them about what that looks like going forward. We're on team flexibility. The federal government seems to want to put some stringent rules around it. We're going to have to have a serious discussion with them on behalf of municipalities to make sure the program is as useful and helpful as it can be.

I would say that it's legitimate to say that it's a little bit up in the air right now, but it's a live file within my ministry and other ministries in government. I mean, the Premier is the Intergovernmental Relations minister, so she'll likely be involved in this; I would likely be involved. There will be other ministries, too, because some of that funding with the flexibility could have been used for municipalities on things that touch other ministries. We're going to try to make sure that if the program continues at all, it continues as usefully and flexibly as it can. But that story hasn't been written yet.

Mr. McDougall: Okay. I'm not sure if you had mentioned earlier, but the investing in Canada infrastructure, community, culture, and recreation line item, 6.5 on page 173 was discontinued this year, or funding ran out from the federal government. What transpired with that?

Mr. McIver: With the ICIP, yes?

Mr. McDougall: Yeah. It's ICIP? Okay.

Mr. Bayne: There are actually two line items in the budget related to the investing in Canada infrastructure program because we support projects in two different funding streams of that program. The community, culture, and recreation stream actually only had one project supported in it, and it is now completed.

Mr. McDougall: Can I ask what it was? I know it's in the past.

Mr. Bayne: I will look that up.

Mr. McDougall: Okay. Sorry.

The community-building fund: what kinds of things have been funded from that, if I may ask you?

9:50

Mr. McIver: Around the bend, really. Isn't it like a pretty wide variety of things? Pretty flexible, right? Pretty much the same as MSI and now LGFF, a very wide breadth of flexibility for municipalities. They're largely in almost complete control of it. There are some rules around it but flexible enough that – very flexible. If there's a bone of contention or a discussion point that we need to have with the federal government, it is keeping as much of that flexibility as we can on behalf of municipalities, and that's a live file right now. The renewed agreement hasn't been signed; this one runs out at the end of March this year. So when I say it's live, it's really live, and we don't know how it's going to turn out yet.

Mr. McDougall: Okay. Well, with 18 seconds left, I think I'll leave that for now.

Go on to the next person.

The Chair: We'll go back over to the opposition.

Mr. McIver: Oh, that one project: G.H. Dawe Community Centre expansion with the city of Red Deer.

Mr. McDougall: Thank you.

Mr. McIver: We got that answer in.

The Chair: We'll go with Member Kayande to finish things up here for us.

Member Kayande: Thank you very much, Mr. Chairman. I was very encouraged to hear you talking about the importance of

housing and how much time and effort you're going to spend in this next coming year on addressing the housing crisis. I think it's fair to say that so many – certainly, in my constituency, we are, you know, seeing people with rents go up by 50 per cent, for example.

I'm looking at the forecasts of home construction as well as population growth that are on page 24 of the budget, and of course for the second year in a row it looks like we're not going to be able to build sufficient housing stock to handle population growth. The scale is immense. Instead of building 35,000 houses, it seems as though we need to build 60,000 just in order to manage that. It requires a very different approach, I guess.

Everyone in Alberta lives in a home, hopefully, but everyone also lives in a municipality, so have you thought about, you know, like, additional granting, for example, or tying municipal funding to housing outcomes? Because the scale of the problem is immense. We must double, and every year that we're not doubling, we're actually building a backlog that just makes the whole thing worse.

Mr. McIver: We thought about everything, and I don't mean that to be a flippant answer.

Member Kayande: Sure. Yeah. We need everything.

Mr. McIver: We've probably thought about it. We try to think about every bad idea and every good idea just to make sure we thought of everything. I'm sure we still haven't thought of everything.

You're going to see some legislation come out, probably led by Minister Nixon here soon. Again, I'm really not trying to be cute, but I genuinely can't tell you what I think is in the legislation because then somebody will make a point of privilege against me, and I'll be in trouble. Anyway, so that's coming.

We think this is important. We're going to try to encourage municipalities. We're going to try to work with them. We're going to try to bring them and the industry together. We'll put some money into it. I'm pretty sure of all of that. My apologies; the legislation is not on the table, so I can't really get into the granular points with you.

But yeah, we've tried to consider everything, and we know it's serious. I don't doubt what you say. We've got what are pretty much record levels of housing construction going on in parts of Alberta right now, which is – well, you can feel good about it. I think you reasonably point out that if that's still not enough, then you can't feel too good about it. Okay. So we're going to try to be more creative about what we do in the future, even, to see if we can find some additional answers. We won't have all the other answers. Every fibre of me believes that when we get ourselves and industry and municipalities in the same room, ideas will come out that we don't have yet, and probably good ones.

Member Kayande: Okay. All right. Yeah. I mean, by my constituents it is, like, the number two thing that they are talking to me about for sure, and it comes from all sides, right? This is the challenge because I have business owners who are, like, you know: we're losing our people; they're leaving for more affordable locales.

Mr. McIver: Yet there's more coming than going. I'm not going to criticize today, at least, the federal government for the fact they're immigrating a lot more people. I mean, Canada was built on immigration, yet you need a bit of a plan. I mean, we need people in Alberta because we've got jobs for them, but we also need someone to build the houses for them. So amongst our immigration goals has got to be immigrating people that can swing a hammer and do plumbing and electrical and all the other house-building

things, and while we're doing that, we've got to immigrate a whole bunch of teachers and nurses and doctors and other medical professionals. So it's . . .

Member Kayande: And we've got an Alberta's Is Calling campaign, which, I mean – congratulations – has been very successful. But there's nowhere for people to live.

Mr. McIver: Well, no. But yeah. I think as a government we've tried to target it more acutely to building trades and doctors, nurses, and teachers because that's what we need first.

Member Kayande: I guess my segue to that is: with the LGFF funding model, where, basically, it's lagging population growth by – is it two or three years? Anyway, it's lagging. In '22 we had population growth of 132,000, and in '23 the full year is looking something like 160,000. It'll probably be the same this year, according to the projections on page 24. What does that do to the cities, I guess, when they're lagging, when, in fact, the funding model should probably be leading a little bit?

Mr. McIver: Well, I'm not an economist. I'm sure there's some correlation, but I'm not sure you can make a complete, direct, straight-line comparison between population growth and the government's revenue. Trans Mountain pipeline should come on stream this year. It should be a somewhat substantial bump in Alberta's revenue without a big population growth. In that case we might be leading it. I'm not saying that it always leads, and I'm not saying that it never lags; I'm saying: I'm not sure you can make a straight one-to-one comparison on that.

Anyways, we have the program. The ink is not even dry on it yet. That's what municipalities asked for. We said yes. I feel good about that. I think we should let it play out. If you're saying, "Keep an eye on that," okay; that's fair. We should keep an eye on that to see if it turns out to be lagging too much. Fair enough. But I respectfully just can't outright accept that there's a lag because there are more elements to the province's revenue than just population. I think you would probably even agree with that.

Member Kayande: Yes. Yes, I would definitely agree with you on that. Like, the personal income tax, for example, tracks very closely with household income growth, which is inflation plus population growth plus whatever real wage growth that we get.

With that, I guess, when it comes to ideas around affordable housing, especially – you know, the province does own a lot of land in municipalities, yet turning that land into housing, even if the province wanted to do it, which, you know, if it's not used for any particular purpose right now is something I would certainly be in favour of, does get bound up in municipal red tape. Is that something that – again, like, going back to the whole idea of making sure that we're keeping pace with population growth and housing construction, is that a potential lever?

Mr. McIver: We need to consider all these things. I'm not arguing with your idea to consider that, but if you're going to ask me, "What's in the legislation?" I just flat can't answer it. I'm so sorry.

Member Kayande: Okay. All right.

I have 55 seconds left.

The Chair: You don't have to use it. It's up to you.

Member Kayande: I think I'll send everyone home.

Thank you very much for your time, Minister. I really appreciate it.

Mr. McIver: Then, Chair, with your permission, I'll thank everybody from all sides here. I'll definitely thank my staff, who did all the work in helping me get ready for this. I'm very grateful to all of them and all of you.

The Chair: Well, thank you very much. We'll advise the committee that the time allotted for the consideration of the ministry estimates

has concluded. I'd like to remind committee members that we are scheduled to meet tomorrow, Thursday, March 21, 2024, at 9 a.m. to consider the estimates of the Ministry of Affordability and Utilities.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 10 p.m.]

