



Legislative Assembly of Alberta

The 31st Legislature
Second Session

Standing Committee
on
Resource Stewardship

Ministry of Municipal Affairs
Consideration of Main Estimates

Tuesday, March 10, 2026
9 a.m.

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Second Session**

Standing Committee on Resource Stewardship

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Sweet, Heather, Edmonton-Manning (NDP), Deputy Chair
Ceci, Joe, Calgary-Buffalo (NDP), *Acting Deputy Chair
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* substitution for Heather Sweet

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Standing Committee on Resource Stewardship

Participants

Ministry of Municipal Affairs

Hon. Dan Williams, Minister

Jonah Mozeson, Deputy Minister

Dan Balderston, Executive Director, Financial Services

Ethan Bayne, Assistant Deputy Minister, Municipal Assessment and Grants

Shawn Ewasiuk, Assistant Deputy Minister, Technical and Corporate Services

9 a.m.

Tuesday, March 10, 2026

[Mr. Dyck in the chair]

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

The Chair: Well, good morning, everyone. Welcome to Resource Stewardship this morning. I would like to call the meeting to order and just welcome everyone in attendance here today. The committee has under consideration the estimates of the Ministry of Municipal Affairs for the fiscal year ending March 31, 2027.

I would like to go around the table and have all the members introduce themselves for the record. Minister, when it comes to you, if you would also please introduce your officials who are joining you at the table. My name is Nolan Dyck. I'm the MLA for Grande Prairie and chair of this committee. We will begin introductions here to my right.

Mr. Cyr: Scott Cyr, MLA for Bonnyville-Cold Lake-St. Paul.

Mr. Yao: Tany Yao, Fort McMurray-Wood Buffalo.

Mrs. Petrovic: Chelsae Petrovic, Livingstone-Macleod.

Mr. van Dijken: Glenn van Dijken, the constituency of Athabasca-Barrhead-Westlock.

Mr. Bouchard: Good morning. Eric Bouchard, Calgary-Lougheed.

Mr. Williams: Oh. Well, thank you. I have a couple of staff members with me. I'm the Minister of Municipal Affairs, Dan Williams. I have Dan Balderston, my SFO; Gary Sandberg, ADM; my deputy minister, Jonah Mozeson; and then I have Ethan Bayne, assistant deputy minister, as well.

Member Miyashiro: Great. Thanks, Chair. Rob Miyashiro, MLA for Lethbridge-West and shadow minister of Municipal Affairs.

Member Boparai: Good morning. Parmeet Singh Boparai, MLA, Calgary-Falconridge.

Member Ceci: Good morning. Joe Ceci, MLA for Calgary-Buffalo.

The Chair: Excellent, and thank you so very much.

I would like to note the following substitutions for the record: hon. Mr. Ceci for Ms Sweet as deputy chair, Mr. Bouchard for Mr. Rowswell, and Mr. van Dijken for the hon. Ms Armstrong-Homeniuk.

All right. A few housekeeping items just as we get going here this morning. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are all live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed by the Legislative Assembly website. Members participating remotely are encouraged to turn your camera on while speaking and mute your microphone when not speaking. Since we have no one on remote participation today, that is excellent. Please set your cellphones and other devices to silent for the duration of the meeting.

Now how we're going to run this 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 for 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 our internal

website – you can check it out there – and there are also hard copies floating around if you would need one. For each segment of the meeting blocks of speaking time will be combined only if both the minister and 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 the rotation, please e-mail or message the committee clerk, and he will clear up the process.

Now, this is where I need your attention just for a moment. With the will of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose having a break? No? Excellent. We will take that short break there.

For ministry officials, those who are present at the direction of the minister may address the committee. Ministry officials seated in the gallery: if called upon, you guys have access to a podium here and a microphone and are asked to please introduce yourselves for the record prior to commenting. Then 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 clock 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 interruptions during estimate debate. Debate flows through myself, the chair, at all times, including instances when speaking is shared between a member and the minister.

Now, Minister, I would love to give you 10 minutes in order for your opening remarks. The floor is yours.

Mr. Williams: Well, thank you, Mr. Chair, and thank you to all my colleagues in the Legislature for joining today at the committee. I'm very, very pleased to be here with this opportunity to present Budget 2026 highlights for the Municipal Affairs ministry and to outline how our ministry will support strong, viable communities across our beautiful province.

Joining me this morning, as I mentioned before, I have a number of senior officials. I have my deputy minister, Jonah Mozeson, to my right. I have Ethan Bayne, my assistant deputy minister for municipal assessment and grants. I have Gary Sandberg to my left, the assistant deputy minister, municipal services, and Dan Balderston, executive director and SFO, finance. There are some other senior leaders from my department and staff that are also with me this morning who are available to speak to the ministry's budget and comment as needed as you have questions, and I'm happy to provide answers. It is my responsibility this morning to outline how Municipal Affairs will invest approximately \$1.36 billion in budget 2026-27 to support Alberta's communities and ensure municipalities can deliver essential local services.

Members are well aware that Alberta is facing a global economic challenging situation with uncertainty, cost pressures, and record population growth within our province. Families are making every single penny count. Businesses are watching their bottom line, and governments must do the same. In such a challenging fiscal environment fiscal discipline is essential. In this context Alberta's government remains committed to strong fiscal leadership, controlling costs, and setting clear priorities to ensure taxpayer

dollars are spent wisely by investing in core services like health, education, public safety, infrastructure, all in our municipalities.

Municipal governments are elected to apply that same discipline when they're setting their local budgets and allocating property taxes that they collect from ratepayers and residents. That shared responsibility between the province and municipal leaders for fiscal stewardship shapes the way that we work here in Municipal Affairs. My department's mandate letter is abundantly clear from the Premier: support strong, viable communities that deliver local services effectively and efficiently, focusing on those core responsibilities that municipalities have. For Municipal Affairs that means support on the core services that so many Albertans rely on every single day and ensuring those funding frameworks are sustainable, predictable, and accountable to Albertans, who ultimately pay the tax bill so that we can support those municipalities.

Members of this committee know that municipalities operate under a clearly defined mandate through the Municipal Government Act. Their responsibilities are significant. Municipal governments, one, deliver drinking water and treat waste water; two, maintain local roads and bridges; three, manage waste collection; four, operate fire services and support emergency response; five, oversee land-use planning and local infrastructure, just to name a few of the core and highest responsibilities of municipalities. These responsibilities are the services that every Albertan expects when they pay their taxes.

They also represent a significant investment of provincial public tax dollars as well. Because of that investment clarity about the responsibility and scope of those dollars is essential. When governments move beyond their core responsibilities in municipalities, dollars could be spent unwisely, inefficiencies can take root, and we have blurred accountability. That ultimately places additional pressure on ratepayers.

Budget 2026, by necessity, is designed to avoid those risks and provide clarity. It reflects the principle that provincial funding should support municipalities in delivering their local core services, the services residents depend on and reasonably expect their local governments to provide efficiently, focusing matters, especially in a challenging economic environment. Clear roles and discipline mandates ensure public dollars are directed where the greatest value should arise. That is how we strengthen accountability, protect taxpayers' interests, and manage Alberta's finances responsibly.

Now turning to the budget itself, through Budget 2026 the ministry is investing \$1.36 billion in Alberta's communities through Municipal Affairs. The overwhelming majority of this funding flows directly to municipalities through capital grants, operating support, property tax compensation for provincial buildings, and federal infrastructure transfers. This represents a slight decrease of approximately \$2.4 million, or .2 per cent, from Budget 2025 primarily due to adjustments within the local government fiscal framework this year. Despite this modest adjustment, funding for municipalities to serve their residents remains stable and predictable for municipal government.

Let's talk about capital funding in particular. This is where the bulk of our funding in Municipal Affairs is focused in Budget '26. We're providing approximately \$800 million in capital funding through the local government fiscal framework. The LGFF was developed in partnership with municipalities to provide predictable funding, a transparent allocation formula, and a multiyear funding outlook. Importantly, LGFF capital funding is tied to provincial revenue growth. When provincial revenues increase, future LGFF capital funding increases. When revenues decline, funding adjusts accordingly. This structure supports long-term sustainability for taxpayers while giving municipalities the predictability that they

request and require for responsible infrastructure and asset management planning.

9:10

Based on provincial revenues from '24-25, the LGFF capital funding is projected to increase approximately 12 per cent next year, again with predictability, from \$800 million in 2026-27 to almost \$900 million in '27-28. That growth is formula driven and transparent from collaboration with municipalities and their associations, ensuring funding increases are tied directly to provincial revenue performance. When the tide goes up, it goes up for all ships across the province. Municipalities across Alberta are using LGFF funding for core infrastructure such as road rehabilitation, transit systems, water infrastructure, and waste-water facilities, the foundational services residents rely on every single day. Budget 2026 also maintains \$60 million in LGFF operating funding for municipalities outside of Edmonton and Calgary.

Another important program that municipalities rely on is grants in place of taxes, or GIPOT. Because municipalities cannot leverage property taxes on provincially owned buildings, the province provides GIPOT as discretionary payments in lieu of municipal property taxes on provincially owned properties. Municipalities have been clear that full and predictable compensation for these properties is important for local budgeting planning. Budget 2026 increases grants in place of taxes by approximately \$20 million, from \$55.3 million to \$75.3 million. This increase fulfills the commitment made in the previous budget, covering 100 per cent of the equivalent municipal property value on tax on approximately 5,000 provincially owned properties across the province. Broken down, Edmonton receives the most significant proportion, 53 per cent of GIPOT, and this will provide an extra \$11 million to the city in this fiscal year alone.

The increase to GIPOT responds directly to concern raised by municipalities across the province and provides greater certainty and fairness on how provincial properties are treated within the local tax bases. It is another example of the province delivering on its commitments while strengthening predictability for our municipal partners.

Through Budget '26 the Alberta Municipal Affairs ministry is providing \$10.6 million in Alberta community partnership grants. This program supports projects aimed at improving regional collaboration, reducing intermunicipal conflict, and helping municipalities with restructuring, long-term planning, and managing their assets going forward. ACP has played an important role in strengthening co-operation across Alberta. Many of the regional frameworks and shared service agreements now in place were supported through this program in the past.

As a part of Budget 2026 the intermunicipal collaboration component of the ACP program has been reduced by \$2.8 million. This was not a decision taken lightly. However, the program has achieved much of its intended purpose in that collaboration across the province, and regional collaboration frameworks are now well established across the province. Municipalities have built the capacity to continue work that, through local leadership and shared service arrangements, provide support for municipalities. Given that progress, Budget '26 rebalances ACP funding to reflect its new and evolving role. This allows us to focus resources on core infrastructure funding priorities while maintaining targeted support for collaboration and long-term planning.

The ministry's three-year business plan aligns directly with priorities reflected in Budget '26. It sets out clear objectives focused on responsible growth, infrastructure, sustainability, and effective municipal governance and service delivery that meet the needs of a growing province. The business plan reinforces accountability with

measurable outcomes tied to infrastructure investment, financial oversight, and support for municipalities in carrying out their statutory responsibilities.

In conclusion, Budget 2026 for Municipal Affairs totals \$1.36 billion. It maintains stable and predictable infrastructure funding through the local government fiscal framework. It increases grants in place of taxes by nearly \$20 million. It rebalances programs such as the ACP to ensure resources are focused where they need to go. In a time of economic uncertainty and population growth managing public dollars wisely is paramount, and I'm happy to take your questions, Chair, throughout the rest of the estimates process.

Thank you.

The Chair: Excellent. Well timed, Minister. Thank you so very much for those remarks.

At this point we will now begin the question-and-answer portion of our meeting. The first 60 minutes will be for the Official Opposition. Now, saying this, I believe that no member, even if you're doing block time or back and forth, can speak longer than 10 minutes at a time.

Perfect. Asking the minister and the member: would you like shared time or blocked time?

Mr. Williams: Happy to do block time.

The Chair: All right. Member, block time it is.

Member Miyashiro: Thank you, Chair, and thank you, Minister, for the introduction. I'm very pleased to be here today to provide my comments and questions on the Municipal Affairs department's budget. Happy to be here with my colleagues, which include a long-time Calgary city councillor from Calgary-Buffalo and myself as a former two-term councillor with the city of Lethbridge.

Outcome 1 of the ministry's business plan states that "municipalities are strong partners in supporting and enabling economic prosperity in their communities," and key objective 1.1 says, "Provide capital grants through the [Local Government Fiscal Framework]... and other programs to support sustainable municipal infrastructure." Outcome 2 states that "Albertans live in viable municipalities and communities with fiscally responsible, collaborative, and accountable local governments." The preamble goes on to say that "Municipal Affairs helps ensure municipalities are well-managed, financially sustainable, and responsive to community needs."

Yet, Mr. Chair, this budget actually works against municipal financial sustainability by underfunding infrastructure; \$860 million allocated in '26-27 for the local government fiscal framework, or LGFF, represents a decrease of \$20 million in '25-26, and no increases to LGFF operating grants. The LGFF capital component declines from \$820 million to \$799.7 million.

According to the Rural Municipalities Association, or RMA, municipal infrastructure deficit in Alberta will be at least \$25 billion by the end of 2026. Alberta Municipalities, or AB Munis, projects an additional \$1 billion in provincial funding needed per year to meet current and future community needs. Even last year following the 2024-2025 budget the RMA president was quoted as saying:

The RMA is disappointed that similar investments were not made in supporting rural municipalities to maintain the core infrastructure that is relied upon by industries operating across Alberta, including roads, bridges, and water/wastewater systems. [LGFF] funding continues to fall well short of historical levels, and allocations for more targeted programs aimed at resource roads, bridges, and water infrastructure remained stagnant or

were significantly reduced. As municipalities continue to be downloaded increasing responsibilities in areas such as policing and healthcare, it will become harder and harder to keep critical core infrastructure in good condition and expand networks to accommodate industry growth. The RMA is frustrated that the Government of Alberta continues to view core municipal infrastructure support as an obligation to avoid, rather than an investment in the economic engine of the province.

That being said, RMA is very clear in stating that infrastructure maintenance and improvement is core to economic development and maintenance in the province.

In the let's talk about infrastructure advocacy initiative AB Munis states that "provincial funding for local infrastructure has dropped from about \$420 per Albertan in 2011 to about \$150 per Albertan in 2023." That was in '23. That's a decrease of about \$270 per Albertan, and it's gone down since then.

The provincial government's spending on local infrastructure has dropped from 3.7% of total spending a decade ago to just 1% today... This represents about \$1.3 billion less investment in community infrastructure every year.

AB Munis goes on to say:

While no single level of government can fully fund all the infrastructure needed for Alberta to continue thriving and prospering, the provincial government can and should provide more funding... As things stand now, the Local Government Fiscal Framework (LGFF) simply won't provide municipalities with enough funding to deliver on the [province's own] ambitious claim – that Alberta is the best province in Canada in which to live, work, and raise a family.

9:20

You know, AB Munis produced a really great one-pager for its members explaining the grants in place of taxes, or GIPOT, and explains what it is. "The Government of Alberta is exempt from paying municipal property taxes on its land and buildings. Municipal governments," though, are required to "provide services to provincially-owned properties so the Alberta government [historically] pays a grant in place of taxes (GIPOT) to municipal governments, but only for certain types of property." These services typically include such things, as we know, as treated water and waste water, connections to roads, fire, police response, et cetera.

The document they provided lists provincially owned properties that are eligible for GIPOT and those that are ineligible, and it's the ineligible list that can actually add a lot of property tax stress on the municipality. I'll just name a few right now. The things that are ineligible are things like schools, universities, colleges, trade schools, hospitals, Alberta health facilities, treatment facilities, things like roads, transportation and utility corridors, and a number of other things.

I'm just going to illustrate a bit why it's problematic in a situation that we have in Lethbridge. When Alberta Health Services needed more room, they found an open space at the downtown shopping centre. They took over a large portion of that shopping centre, ground floor, separate entrance. What that did was it created a property tax-free zone in that shopping centre. The city of Lethbridge cannot assess that property for property taxes because it becomes a lease from Alberta Health Services. In the first year alone – and this was a number of years ago – that amounted to about \$600,000 less in property taxes for the city of Lethbridge. I think at that point it was like half a per cent or something like that just from one property. Subsequently that location, that site for AHS has expanded into the mall a little bit more.

This is just one case of: it doesn't look that bad, but when it actually affects the bottom line of a municipality and puts extra stress on the community to provide services because it's a lack of

property tax coming in, I think it can become problematic. Obviously, in Edmonton it's even worse.

Now, let's be clear. I think it's great that the government will fully fund GIPOT to the extent that it is for the eligible properties, but it's also apparent, if you look at the entire budget, that this GIPOT increase was an apparent rob Peter to pay Paul scenario when the LGFF is taken into consideration. There is really no net gain in funding these programs.

Perhaps the ministry can explain how this department is meeting outcomes 1 and 2 regarding infrastructure as well as key objective 1.1. What is this government's plan to deal with this massive infrastructure deficit in Alberta? This government did the right thing by fully funding GIPOT, but how are cuts to LGFF going to help municipalities?

The provincial government has been clear about the challenge with high population growth and inflation over the past years. However, municipalities face many of the same challenges. LGFF is going down while CPI and population growth continue to go up, and LGFF is at odds with its purpose because it should be going up. Does the minister believe that the LGFF formula works well for municipalities? Does the minister believe that \$799 million in LGFF capital funding is enough for municipalities across the province to manage growth pressures and address key infrastructure needs even after years of high inflation and high population growth?

I have some more questions, I think, but I'll move those to the next section. Thank you.

The Chair: Excellent. Thank you so very much, Member, for those questions.

Minister, the floor is yours for the next block of 10 minutes.

Mr. Williams: Thank you, Mr. Miyashiro. Thank you for the questions, and I'm happy to address as many as I can. I think you very correctly and rightfully hit on this question of infrastructure, which is a key consideration for us as a province. You're right to link it, I believe, as well, to economic prosperity. It's one of the key drivers of economic growth. Even the productivity gap that we're seeing across our entire country right now: if you compare it to other jurisdictions, including the United States, infrastructure is a part of that, a lion's share of it perhaps even, based on some of the analysis that I've read. Importantly, municipalities are partners in that. As much or more than almost any aspect or level of government, municipalities deliver these corporal, tangible core services, and yourself and your colleagues who have served on councils know that very, very well, that your day-to-day job of municipal councillors is worrying about practical considerations.

I'm very happy that the government does have in our business plan items 1 and 2 focusing on infrastructure and sustainability, and I think it's very, very astute to combine these two together in that they're two sides of a coin and they relate to each other as well.

LGFF, as far as the history goes of the program, replaced MSI, and its purpose was – well, first, its origin was built in partnership with the municipal associations and municipalities. As we well know the story, MSI didn't have that function. I can understand why one might criticize seeing a \$20 million reduction this year, but the flip side to that coin and what the municipalities really enjoy is next year, right? It's not always that it falls next year. It's a \$100 million, \$95 million increase the following year. And that's legislated. That's not a decision that is made by this ministry year to year within a budget. That's legislated framework, right?

We put that in for an important reason: to say that this predictability is valuable. One of the qualities of the LGFF is that it is predictable, and that is one of its very good redeeming qualities.

That predictability has got a downside, you also know, when it reduces, right? So that's good, that they have predictability, they can plan to that end, but that reduction of \$20 million is tied to consolidated provincial revenue line. That is what it's calculated on. It's a very simple formula in many ways. So that is the nature of it. That's one quality.

The other quality is that we share together in the highs and lows. I think that is an incredibly important quality of LGFF. When the province sees good times – and municipalities asked for this, right? The nature of Alberta – I mean, property tax assessment is very different. It's a very stable kind of income, and there are redeeming qualities to that along with challenges as well. Provincial royalties, which drive so much of our ups and downs in provincial revenue, are not stable in that same way, but they wanted to be able to see some of the benefit of that when it happens, and the only way the province could do that meaningfully is have them also share when we see reductions happen.

We know what's going on right now with the global economic situation, and we're watching. All of us wake up and we check our iPhones and cell phones immediately to find out what the differential is between western Canadian select and WTI. That is also not just something that I share as a government minister. It's something every municipal councillor shares, too, because they want to see that revenue go up. So this was a bargain; this was a deal we made together, and we did it thoughtfully with municipalities.

One of the questions that you asked in particular: is \$799 million enough? Do I believe it's enough? Well, I believe it's what we got, and this budget also presents a deficit. We weren't going to cut services. We were going to continue to provide those services and maintain predictability across all of government for those services, and that's true also within Municipal Affairs. I think that fundamentally politics is a recognition that there aren't solutions but trade-offs. So I need to recognize that to provide predictability I had to offer what we had, and there are limited resources in our budget. We cannot continue to spend indefinitely, so that fiscal restraint piece says: I understand that municipalities are right to focus on infrastructure; I'll partner with them in that as best we can.

This is not what municipalities broadly are asking when I speak to them; they're looking for creative solutions, and they appreciate that we have limited funds, but if the only recourse is more government funds dumped into LGFF, money that we don't have, that's not a serious attempt to try and address – and I appreciate that you've struck right on it – the very real infrastructure challenges that municipalities have highlighted.

9:30

I can talk more about LGFF, and I know that we'll come into it. I'm very happy to keep the LGFF operating fund there, and I'm particularly happy to support municipalities that have challenges around operating costs on that lower end of the spectrum and where they have less stability or breadth of property tax revenue, so that will continue as a principle throughout the term that I have in the office.

I want to also address GIPOT quickly. We did go quite a line down GIPOT, the grants in place of taxes, and it's an interesting one to have picked up in the first thread. This has largely been one of the very good-news stories for municipalities, especially when we look at jurisdictions like Edmonton but I'd say every single municipality, Lethbridge as well as a service hub for the province in southern Alberta. Now, GIPOT, to be clear, is increasing about \$20 million, \$75 million total this year, out of this principle of equity. This was – I'll be frank – a commitment of the Premier, largely advocated for by the previous mayor in Edmonton, who did

a very good job. I'd say that the current Edmonton council and mayor were very happy to see this come through as were a number of other municipalities in rural Alberta that have disproportionately large provincial services.

The principled argument being advanced – I just want to be abundantly clear to folks, and I stand behind this – it is absolutely right and reasonable for the province whose only revenue is tax dollars. Let's be clear. I don't have another form of revenue. I collect revenue from income tax and other forms of taxation and fees and royalties, which are owned by Albertans, right? I can only collect from Albertans, and to not have the government who's providing absolutely core, essential, nonnegotiable services – to have them pay taxes on that seems like a complete confusion in terms of how we ought to organize for the common good in society.

What is included in GIPOT are things like provincial buildings, things like courthouses, things like grazing leases, things like remand centres, and rightfully so they pay those grants in lieu of taxes. We pay that on purpose to try and keep them whole. I don't know any municipality advancing that we ought to – I honestly haven't heard it – have grants in lieu of taxes paid on primary school education, on trade schools, on hospitals, on roads and intermunicipal infrastructure like transportation corridors. That would disincentivize their construction. It would make them harder to operate. It would be – you used the phrase perfectly – robbing Peter to pay Paul because I only have the means of collecting revenue to pay those taxes from those same Albertans, so it does us no good. If we know we're going to be delivering the services for education indefinitely into the future – and I know that we will be – then we have to have sustainable funding for them. This is an important part of how we've organized our funding for health care and education, but we also shouldn't be adding more burden and cost on.

I'm very happy that this government has been balanced and thoughtful about its approach in GIPOT, where it says that we need to be fair, where fair is fair, but we're not going to go adding another layer of bureaucracy, red tape, and just moving around money between different levels of government. I mean, average ratepayers and taxpayers kind of don't care whether they're paying to the province or the municipality when they're getting their services, and they'd be I think understandably scandalized if all we did was just pay one to move that money back and forth between the two. Let's just keep more dollars in their pockets of average citizens and deliver those services as best we can and collaborate as best we can between the municipal and provincial level.

I'd say that when it comes to GIPOT, our government position will remain the same, and this does lay it out very, very clearly in the business plan and the budget that we're going to be increasing that to a full 100 per cent compensation, but those excluded provincial properties will continue to be excluded. In all my conversations with municipalities I haven't seen that one come up as a priority of theirs.

The piece on infrastructure for sure will continue to be a priority for this government and in collaboration with municipalities. I'd say that going forward, if a municipality has a challenge with particular infrastructure projects, the assumption first and foremost of every single Albertan is that municipal infrastructure is the responsibility of those municipalities. They should be planning a capital plan and an asset management plan so that they can address those challenges for maintenance, for upgrades, for expansion, and for construction for new infrastructure as it comes online as we continue to see more growth. Where and when the province can help with revenues that we see through LGFF capital funding and grants like GIPOT and the ACP and others to enable planning: I'm very happy to support where we can there.

The Chair: Excellent. Well, thank you for that, Minister.

I'll turn it back over to the member.

Member Miyashiro: Thank you for that, Minister.

On page 125 of the business plan it states that "Municipal Affairs plays a vital role in supporting municipalities to deliver well-managed, fiscally responsible, and accountable local government." This is achieved through property assessments and taxation oversight. It goes on to state that one of the core responsibilities for Municipal Affairs is "overseeing Alberta's property assessment and taxation system, including preparing assessments for designated industrial properties, generating significant property tax revenue for municipalities and the provincial education system."

Key objective 2.5 speaks to strengthening municipal fiscal responsibility by exploring ways to limit excessive property tax increases and protecting residents from specialized municipal taxes and to ensure tax dollars are being respected, yet this government raised the education property tax by double digits in most municipalities in an excessive increase counter to this department's own key objectives. That large increase effectively limits the ability of municipalities to increase property taxes as necessary because property owners mainly look at the bottom line of their tax invoice. I can speak from experience. Property owners will blame the municipality for any large increases they see in that bottom line.

My understanding is that municipalities are also forbidden from explaining the EPT increase on the tax invoice itself, so if they want to clarify the EPT, they must do it on an additional sheet of paper to be included with the tax invoice. Again, more cost to the municipality. And just to clarify, my understanding of this comes from a meeting I had last week with mayors and Reeves in southern Alberta.

Perhaps it'd be great if the government and the ministry could explain the reason for the government increasing the EPT at a much faster rate than local property taxes. What ideas does this government have for raising revenue other than the 125-year-old EPT? Based on objective 2.5 of the business plan, does the minister have a certain percentage or number in mind of what counts as excessive property tax increase? If a municipality collected over 15 per cent more in municipal property taxes year over year, would the minister consider this to be excessive, or would he consider this to be fiscally responsible? What if a municipality increased property tax revenues over two years to the tune of 33 per cent? Would this be responsible, or would it be excessive? When it comes to property tax increases, does the minister hold municipalities to a different standard than the provincial government?

The government has a desired ratio of EPT to education spending of 1 to 3. Is there a preferred ratio of EPT to municipal property tax? Does the minister or the department have a breakdown of which municipalities will suffer the largest tax increase due to the increase in the EPT? Which municipalities are going to pay the largest total increase? What about a per capita basis? Can the department provide any analysis on the effect of EPT increases on rent prices across the province?

And another thing: this government's policy to drastically curtail the approval of renewable energy projects has negatively impacted the ability of rural municipalities to generate additional revenue. This has implications for the province's 2026 budget since the provincial government also generates revenues through the EPT. Solar and wind projects generated \$70 million in municipal tax revenue in 2025, making renewable energy tax revenues a significant source of funds for many municipalities. In fact, a third of counties in Alberta now generate revenues for renewable energy tax revenue. A report from the Business Renewables Centre of Canada reports that the new projects being assessed that are adding

to the tax revenues are projects that were approved and initiated before the provincial government put a moratorium on new renewable energy projects and chased investment from our province. In just one year Alberta municipalities lost out on an estimated \$84 million in potential revenue from cancelled projects.

9:40

Additionally, uncollected linear property tax from the oil and gas sector means rural municipalities are owed hundreds of millions of dollars, which includes assessments on abandoned oil and gas properties. Lost revenue from renewable energy projects plus uncollected taxes from oil and gas equals a double whammy to municipalities. What solution does this government have to deal with these issues? What is this government's plan to enhance municipalities' ability to raise revenues, thus putting less pressure on property owners?

The government often talks about the need for economic diversification, but when it comes to provincial budget, there's also been a lot of talk this year about our province's revenue dependence on oil. Now, this enormous deficit has made this clear to all Albertans. That same Business Renewables Centre of Canada report I mentioned earlier shows that renewable energy tax revenue from municipalities has grown 151 per cent over three years – 151 per cent – yet this growth is now being hamstrung by the provincial government's actions, which have caused renewable energy developments to slow down massively. This growth, prior to the moratorium, was in an industry that we should be trying to grow as a part of our move to diversify revenues beyond oil and gas. Alberta is uniquely positioned to benefit massively from growth in the renewable energy industry. We have tons of wind in the south, and we're one of the sunniest places in Canada. The government should be taking advantage of this opportunity and leveraging this to diversify our economy. The impact on both municipal and provincial property tax revenues could be substantial.

To connect this whole section on renewable energy, let's look at this. Both the minister and the budget documents speak about municipal fiscal responsibility, as mentioned earlier. My question to the minister is: how does slowing down renewable energy investment help achieve this ministry's objectives? Has the minister or the department done any analysis on whether attracting or scaring away investment in Alberta leads to higher or lower property taxes on residents? If so, would they be able to speak to this? I think this also just talks about, again, how infrastructure and improving our financial picture and more investment leads to more property taxes and revenues that municipalities can use.

RMA has conducted a member survey identifying that as of December 31, '24, at least \$253.9 million in municipal property taxes have gone unpaid by oil and gas companies. That marked the seventh consecutive year of the survey, which highlights a continued failure by oil and gas companies to meet their legal tax obligation. Despite government efforts to address this issue, the findings make it clear that these measures have fallen short, leaving rural municipalities to shoulder the growth.

How much has the province lost in education property taxes due to oil and gas companies not paying their property taxes? How much has the province lost in education property taxes due to residents not paying their property tax? Are these failures to collect property tax revenues factored into the massive education property tax increase imposed on Albertans? Does the minister believe that all companies operating in Alberta should pay the property taxes that they're supposed to be required to pay? If the answer is yes, then does the minister have any idea why it's so hard to make these bad actors follow the rules? Are there any plans to make municipalities whole for the unpaid property taxes from bad actors?

The provincial education requisition credit provides municipalities with the education property tax credit equal to the uncollectable property taxes on delinquent oil and gas properties. Is the program officially closed now, or is the government going to extend the program again? How much did the government pay out in PERC payments in 2025, and was the program oversubscribed?

Thank you.

The Chair: Excellent. Well, thank you.

Minister, you have 10 minutes for your response back to questions, and then we're going to go back and forth again a couple of times.

Mr. Williams: Okay. Those were three, I think, categories of large topics that were all very substantive and meaningful. My understanding, if it's fair, of the first one is that it's around education property tax itself and its process within Municipal Affairs and some of the decisions around it. The second one was surrounding linear assessment, particularly related to renewable projects and designated need and industrial assessment, and as that's managed at a provincial level, how does that affect mill rates and collection of taxes at a municipal level? And it's not like he jammed all of them in one, but the third was unpaid oil and gas taxes across rural Alberta, particularly from energy industries, and how that affects education property tax, the PERC system, et cetera. If I don't get to the last one, I do plan to address it.

I'll do my best to go through the first one first. For context, when it comes to the education property tax across the province, a policy decision made at Treasury Board with education is that one-third or 33.4 per cent of the operational costs of education to fund the education and primary education K through 12 in the province of Alberta will be paid through at the traditional rate, which is the third, by the traditional mechanism, education property taxes. This is getting us back to what was the normal after, in the 1990s, there was a time where that lapsed. This is not a surprise. This is something that Finance and education have been talking about for two years. This is the second half of it. It started last year, and this budget is completing that.

The way that it works within government is that those dollars are set by Treasury Board and Finance and education in terms of what that is, so that's at something around \$3.5 billion operating for that third. The vast majority, two-thirds, is paid for by provincial income tax and other revenue, obviously. I get that from my side, and then the total amount of education property tax is already determined by Treasury Board and education for the purposes of operating education. Municipal governments then have to include the provincial education tax on each property owner's tax notice, then collect the tax, and then remit the funds to the province.

I'll go through this process – it's a bit technical – so that everyone understands what Municipal Affairs' role is in this. The amount of education property tax, as I mentioned, is set out by the government, and then the government will then determine what every municipality's share of the requisition is. The municipality's share of the requisition is determined by equalized assessment and provincial uniform rights. Municipalities perform their property assessment to ensure consistency and fairness. They must conduct their assessment in accordance with the Municipal Government Act and matters related to assessment and taxation regulation, which we all love, the MRAT, as well as other principles and procedures developed within Municipal Affairs.

Although municipalities are responsible for preparing their property assessment, there can sometimes be variations in practice and application of local conditions. Equalized assessment is the process by which Municipal Affairs adjusts the municipal

assessment base to a common market level to ensure property assessment from different municipalities can be compared consistently and reflect the same standard.

Step one, Treasury Board committee determines the required EPT revenue to be collected for the next fiscal year. The current policy is to fund a third of education property tax, education operating via EPT, for '26-27. The target of the funding for a third of operating costs was 33.4 per cent of \$10.7 billion, which comes to, as I mentioned, \$3.5 billion. The EPT requisition is made up of residential, farmland, and nonresidential property classes and has two discrete uniform rates. The uniform rates are applied against the equalized assessment for each property class and summed to determine the total education property tax. That equalized assessment is the province's total assessment subject to EPT split by the residential farmland property class and the nonresidential property class.

The policy has been in place since at least 1984 that specifies that the nonresidential uniform rate is 1.47 times the residential rate. The 2026 equalized assessment is \$857 billion for residential farmland properties and \$279 billion for nonresidential. The formula would be the rate equals provincial EPT requisition over the residential equalized assessment plus the nonresidential equalized assessment, which is that 1.4 times modifier.

9:50

Using the '26 EPT requisition target of \$3.5 billion, the residential-nonresidential equalized assessment following illustrates that the provincial uniform rates is determined, so that's \$3.5 billion times 1,000 on the top line, divided by \$857 billion, plus \$279 billion, multiplied by the modifier, which equals the rate of 2.83. Using the residential rate of 2.83 and nonresidential rate of 4.1 raises only \$3.58 billion. In order to raise the targeted revenue, the rate is moved up one basis point to 2.84 for residential and 4.17 for nonresidential.

All right. Step three: calculating how much each municipality needs to collect. Municipality EPT requisitions are based on the equalized assessment when it's applied by the uniform rates, and then the step four would be determining how much property owners pay in education property taxes. When municipalities are creating their annual property tax bylaw, they include the requisition property tax and the local education property tax rates for residential, farmland, and nonresidential classes. Separate mill rates are calculated for each property type, as we know, and the local rate will differ from the provincial uniform rate due to different assessment bases. We do not have uniform assessment in every single municipality, obviously.

Then the final step would be determining the impact on a property owner. The general impact on a property owner is done by comparing the EPT paid on a median-value home in the previous year compared to the EPT that will be paid this year using the local rate calculated in the previous step.

That is the process that we go through with Municipal Affairs, and to be fair, it was very much truncated to that end. Happily, I can tell you that as far as you understood, that's not the case. Municipalities cannot indicate on their tax collection that this is designated for education property taxes that are requisitioned by the province. They have every legal ability, and I think every single one I've ever seen does, put it as a separate line item in their property bills. We're very happy to encourage that.

There's no doubt that what we're doing here is funding education for every single community, so I don't think we hold different standards for municipalities versus the province. The standard that I have is fund your core services. Pay for that. That's the core responsibility of a municipality, and the province's core service in

this circumstance is education. An education property tax is a stable, predictable way for us to continue to fund education. As far as I'm concerned, education is not going anywhere. I hope we continue to fund it for many, many years into the future. Predictable funding through education property tax is a way to do that sustainably.

Of course, municipalities, Lethbridge included along with every municipality across the province, get disproportionately more in return from provincial payment for education than the education property tax does, a ratio of 2 to 1 for three times more for how much the province pays for the operating costs. I think I hold municipalities to the exact same standard. I expect them to fund core services just as the province does, to do it in as efficient a way as possible, and I'm happy to continue supporting municipalities and educating where they don't understand that they can use that requisition line in their tax bill to make that abundantly clear that this is what the province is doing. We're requisitioning the money for the purpose of building – in Calgary, I think there's an announcement for 16 new schools just last week that we're building. We're going to continue to operate those schools through the education property tax, and that will continue to be a priority.

Okay. I want to pause with the last minute and 33 seconds I have to just start on assessment model review and what we're doing with linear taxation. The relationship between designated industrial nonresidential tax revenue for a municipality and the residential tax is a challenging one because it's a zero-sum game. When a municipality is deciding how it's going to set its mill rates, it has the ability to set the mill rate for a particular class of tax revenue. For example, industrial, and we look at linear, like the example given by yourself surrounding power generation. It would be linear taxation for solar, for wind, but also for cogeneration, natural gas, and all sorts of other power generation would be in that same category.

We want to provide predictability for municipalities. These are huge sources of revenue for municipalities. We also need to make sure that folks feel comfortable coming to Alberta as the best jurisdiction in the world to live, play, raise a family, and invest their next dollar so that we see those kinds of projects happening. Predictability is key, and my role in Municipal Affairs is setting those rules for how designated industrial properties work. That becomes a part of the calculation that we need to do and we've been working on with industry stakeholders, including those in the renewables industry, telecommunications, oil and gas at all levels, all sorts of manufacturing as well, along with municipalities and the associations. And I'm happy to address that more when my time returns.

The Chair: Excellent. Thank you so much, Minister, for that.

Member, I believe you're still on the clock, so your next 10 minutes starts.

Member Miyashiro: Thank you, Mr. Chair. Thank you, Minister, for those answers. Let's move on to something a little bit different. This department forced municipalities to hand count ballots for the last municipal election despite ample evidence that vote tabulators are more accurate, more cost effective, and produce results more quickly than hand counting. Other than the smaller municipalities that previously hand counted ballots, hand counting created large unbudgeted expenses for municipalities: Calgary and Edmonton in the millions, mid-sized cities such as Lethbridge and Red Deer in the hundreds of thousands, meaning that they had to find funding to pay this cost because the government would not fund an expense it created for municipalities. Again, this government created higher

election costs for municipalities but required municipalities to shoulder the entire expense.

It seems that this government is intent on chipping away at municipalities being sustainable by downloading more costs onto municipalities. This department, contrary to outcomes one and two of the business plan, does not desire a collaborative relationship with municipalities but just desires to usurp the authority of elected councils and run everything. What is the actual desired outcome of this department regarding collaboration and co-operation with municipalities? If this government truly believes in a collaborative model, why was the Alberta community partnership reduced by \$3 million? Why were the regional partnerships in the Edmonton and Calgary regions ended last year?

Maybe to back this up a bit, what role did the regional partnerships play in applying for and receiving federal funding? Has the department done any analysis on whether they were more successful than leaving these applications to individual municipalities? Are regional municipal partnerships able to collect more in federal grants than they cost the provincial government?

I'd like to also talk now to something that's really near and dear to my heart, about FCSS funding. I worked in the social helping profession for four decades, and I know that FCSS services provide necessary and vital prevention and early intervention support to communities across our province and provide funding for the following prevention priorities, and these are priorities, I believe, that the government laid out and communities are fulfilling. Homelessness and housing security supported over 57,000 people, and these are just the prevention, early intervention components of these. Mental health and addictions looked at helping 133,000 people. Unemployment: probably 47,000, almost 48,000. Family sexual violence across the lifespan: 64,000 people helped by FCSS funding, and aging well in community: 93,000 people, and mostly senior supports in the community. These are really great things.

The strategies to deliver these services are: you know, we want to enhance access to social support. You want to promote social inclusion. You want to foster a sense of belonging. You want to promote and encourage active engagement in the community, develop and maintain healthy relationships, and develop and strengthen skills that build resistance. These are a lot of things that FCSS funding does for not a lot of money, relatively speaking.

At a higher level these strategies are helping communities to identify their social needs and how to meet those needs. They are prioritizing volunteer work in communities. They are developing resiliency skills in individuals and families. They are aiding the social development of children and their families. They are supporting seniors' health and connections to their communities. They are also promoting and providing access to social supports in the community.

You know, when we look at how we're measuring this, a lot of times we need to measure things, obviously, to make sure that we're providing the proper amount of money.

10:00

Twenty-two thousand people, when they were surveyed, said that they experienced personal well-being by connecting to these services, over 15,000 people felt that they were actually connecting to other individuals, 33,000 people felt that they had positive child and youth development, 21,000 families said that they had improved social supports, almost 41,000 people said that they were connecting more and engaging more with the community, and over 52,000, almost 53,000, people said that it helped them identify social issues and help them be addressed.

Here's a fun fact. A dollar invested in prevention can save \$7 to \$12 in future costs, and that's according to the family and

community services association of Alberta. You know, as someone, as I said, who worked for decades in this sector, I know that FCSS funding is likely the most cost-effective service delivery provided by the provincial government. FCSS-funded agencies have seen operating increases due to utilities, insurance, and overall inflation, yet this budget provides no additional FCSS funding, which means that direct services to communities will be reduced as agencies struggle to keep the lights on and maintain staffing levels. What is this government's plan to ensure FCSS funding is at an adequate and appropriate level to maintain service levels; that is, services that are accessible, effective, and inclusive?

I'm going to move on to something a little bit different, and it has to do with some government oversight of municipalities. It seems sometimes that this government prefers to micromanage municipalities. However, I want to use the town of Gibbons as an example. The precarious financial position of the town of Gibbons seems to illustrate a lack of this government's oversight into apparent financial difficulties that were years in the making. I'll recap this. Gibbons's finances are such that they're exploring possible solutions which include dissolution as a municipality and amalgamation into Sturgeon county. These aren't options that people talk about lightly, and these are things that are mostly unthinkable to municipalities. They have over \$2 million in the structural operating deficit, and to just break even, their taxes would have to go up by 54 per cent.

Did the former council and administration truly not understand their finances? It took a complete change of council and bringing in outside expertise for the totality of this situation to come to light. I was briefed, I think in detail, by the new council in Gibbons, mayor, and consultants. There was a 100 per cent changeover in the council and mayor because the townspeople had enough because they weren't being given the right information. So can the minister explain what happened to departmental oversight in Gibbons? I know the department has these numbers for municipalities. What is this government doing to assist Gibbons to deal with this issue? What are the next steps being taken to ensure that this never occurs with other municipalities?

And then, overall, what's the cost of financial oversight of municipalities by the government? I think they're important things for us to talk about today given that no one ever thought that this situation would ever happen.

Just one more thing I think I'd like to touch on is that I was going to talk about the code of conduct, but I'll just ask one really quick question about that. What progress is being made in the development of new code of conduct guidelines? We know the absence of a code of conduct certainly doesn't lead to better governance and fiduciary responsibility. What is the progress being made on the development of the new code of conduct guidelines, and what's the cost to do so thus far?

And then two really quick questions. One really quick question at the end. We noticed there were some increases to the minister's office, not huge increases. What are the reasons for the million-dollar increase to the ministry support services, which equated to about \$100,000 for the minister's office, about \$300,000 for the deputy minister's office, and \$600,000 for support services for the minister?

Thank you.

The Chair: The minister.

Mr. Williams: Thank you, Chair and Member. There are a number again. There are hand-counted ballots. There is ACP brought up as well. There's FCSS, a third topic. Gibbons and viability broadly is a fourth topic. Fifth is code of conduct, and sixth is minister support

budget increase. I'll try and get to all of those as best I can. I'm going to leave the piece on linear assessment that I left on last time, leave that for what it is, and quickly touch base on unpaid oil and gas taxes. I'll try and manage my time more quickly than I did last time.

There was a question: do you think that oil and gas companies should pay their own tax? I think every single citizen's responsibility is to pay their tax. That responsibility does not depend whether it's a personal or a corporate citizen. They all have an obligation. It's a moral obligation. That's how our society works. I have very strong feelings on this, not just as a government minister that requires that to operate our government and fund it but as a citizen of the province. This is our share. This is our deal. This is how this works.

I'm happy to say that 96 per cent of oil and gas municipal taxes are paid. Approximately 4 per cent are not paid. That is not an excuse. I think they have an absolute, as I said, moral obligation to do it, and I am happy to work with municipalities to exactly that end. If members opposite have suggestions on how we can do that effectively, I am all ears. This is an all-Alberta problem. The oil and gas industry has been incredibly good to this province, but that is not a blank cheque for those who do not pay their taxes to get away with that.

For those who do not, I think that we have to have an enforcement mechanism that is serious. That's why we struck PTAS, the property tax accountability strategy. PTAS has been working at length to try and address some of these challenges. We have industry, we have municipalities, and, importantly, we also have government along with the AER involved in this conversation.

The key here when it comes to this policy is to say that this has a relationship to mature assets, especially across south and southeastern Alberta. These shallow natural gas wells can be productive assets but much diminished from when they originally started. We don't want to tip them over if they can still be productive assets, so we have to find ways to make sure that they continue to be forced to pay. Every single municipality I speak to, the associations, the municipalities: they're not looking to try and have these arrears made whole for them. What they're looking for is that this stops, that this doesn't happen anymore, and then going forward, we can't continue to have a system where there are bad actors that continue to move forward in this way.

This is a commitment I'm happy to make publicly here at estimates, to work with members opposite, to work with the associations, and to work with industry and other government bodies, including the AER, to make sure we come up with a plan that does that. Stay tuned. More to come on that.

Secondly, we'll talk about the issues surrounding hand-counted ballots. That is the gold standard. It is the most effective and certain way to guarantee the outcome of an election. The city of Edmonton had – I'll leave that for now. Across the province of Alberta it's what we do. We can't hand count ballots – federally it's what happens in every single federal election, handed-counted ballots across multiple provinces and time zones at a much larger scale. They hand count ballots.

I'll tell you, interestingly, with one of the parliamentary associations I was a part of, the Francophonie, I ended up monitoring an election in Bosnia-Herzegovina of all places in my time in the backbench. Happily, while I was there, there was a group from the OECD that was also monitoring the election. The former Swedish ambassador was overseeing the delegation of over 900, and some Bosnians said: it would be so much easier if all we could do is have tabulators or no longer hand count paper ballots. He said that it's the gold standard. Everywhere he monitors elections as a

profession from one of the most sophisticated western democracies, it is the absolute gold standard.

To have confidence in the election I think is a good thing. Something I'm very happy to tell municipalities in this relationship that we have between municipalities and the province: it will continue to be something that we expect from every municipality because the confidence that we have in the outcome of the election is paramount. I think the cost and any delay that may be a result of the hand counting itself – now, we should become as efficient and effective as we can at that on a municipal level, just as we have federally and provincially, but I think that is a nonnegotiable for me, the certainty that you have.

10:10

I'll speak to that relationship between the province and municipalities on the second point that I'm going to address from your set of questions, which is surrounding the ACP grant, and it is a \$2.8 million cut. That's a modest .2 per cent cut in a year that we're running a \$10 billion deficit. The focus of ACP is going to shift towards asset management, and that is what we're going to have as a new focus. Your first lead question was about infrastructure. Every municipality wants to find ways to plan going forward in out-years with their own tax revenue and with the grant that we give through LGFF and others to make sure that they're mapping and planning to maintain, replace, and upgrade infrastructure as it comes due. That is a lot of what this asset management grant is going to be doing through ACP going forward.

Importantly, that grant is not meant to be in this collaboration with municipalities. Just as our role with municipalities surrounding hand counting ballots – municipalities are creatures of the province. They're created by provincial statute. It is the MGA that establishes them. In the Constitution of Canada we create two different jurisdictions that have their sovereign responsibilities and the division of power, and the responsibility of local government in its creation is one that is defaulted to provincial governments. My job isn't to be a municipal government; my job is to oversee municipal government. I'm going to do that fairly, equitably, and in as supportive a way as I can, but whether we come to a question of guaranteeing certainty and confidence in the outcome of an election or we talk about how we allocate grants around asset management, those are things that I, at a 1,000-foot level view, need to be looking at the entire province, not being a municipality, not trying to replace the responsibility but working with them, overseeing them, making sure that they are providing outcomes that work for their residents and along with provincial priorities.

I'll move quickly to your third point now, FCSS. I share a passion, and though it came much later in my life than it did for you, I know it's something that has been very, very embedded in your personal experience before you were in provincial and even municipal politics, and I applaud you for that. I think that Albertans such as yourselves in communities that care about those who are very close to those challenges that FCSS deals with, those individuals where it benefits, are just so laudable. My own father was a chair of FCSS for many years, and he had me grow a big heart for that program. Unfortunately, I am not the minister responsible for that program, and it wasn't, as far as I saw, connected to our business plan outcome or a budget line. I'll share with you an agreement that that's important for the province to continue supporting and leave that for Minister Nixon to answer. I think he has estimates happening at the same time, so perhaps you can find the time to jump into that estimate process there and ask him those questions.

I'll address viability and the question on Gibbons, but I'll quickly just say: code of conduct, yes, is coming. The councillor

accountability framework will come out very soon. We're looking forward to a public conversation on that, something municipal councils have been asking for. I wish it could be the courtesy that we exhibit here in our Chamber and our committees that manages it, but unfortunately we're at a spot where sometimes accountability frameworks are needed. I want to give local municipalities the tools to deal with it themselves within a certain bounds.

Then, with a minute 39 left – and I will address the Gibbons questions but perhaps in the next set of questions – I'll just ask my deputy minister to talk to the modest increase that you mentioned on ministerial support.

Mr. Mozeson: Oh, thank you very much, Minister.

As you're likely aware, there was an increase for every department in terms of salaries, wages, and benefits due to the collective bargaining agreement with the Alberta Union of Provincial Employees, and any further additions that we may have within our department as well are due to personal matters, but the majority of that is due to the collective bargaining agreement with AUPE.

Mr. Williams: Okay. Well, I guess with the minute I have remaining, because that was a tight answer, we'll go quickly to just preface around the situation with Gibbons in Sturgeon county. I think the member is very right to focus on this as a challenging situation. It's unprecedented in the collective memory of the department that we've seen anything quite like this situation, and I'm very happy that I've taken a number of steps immediately to work with the municipality.

Upon hearing about the changeover, directly afterwards I had a virtual meeting with the council and wanted to hear exactly where they were coming from. I spoke with them, and they invited me to bring in an official administrator, which is a normal process with municipalities that are in real challenging fiscal situations, to provide capacity and oversight from that experience level. So we have brought in an official administrator that is working with the administration, the CIO, and council on the expenses. We've also extended their debt limit immediately so that they can continue to have cash flow as needed. That was a request that they had as well. [Mr. Williams' speaking time expired] I'll pick up afterwards, but thank you for the question. I know it's important.

The Chair: Excellent. Thank you so very much.

We're now going to be able to turn to the government side for 20 minutes. This is a time where you can cede time to other members. Just as a reminder, please use the pages if you're going to be passing notes back and forth to the staff. That is important right now, that we do so.

I will turn it over to Member Petrovic.

Mrs. Petrovic: Thank you, Chair. First off, I just want to express my . . .

Mr. Williams: Could I ask: is this shared or . . .

Mrs. Petrovic: Oh, yes. Will you share?

Mr. Williams: I'm happy to share.

Mrs. Petrovic: Okay. Thank you. I shouldn't assume, so my apologies.

Mr. Williams: No. It's fine. I think the chair needs to know.

The Chair: I do need to know. I apologize. It's my bad.

Mrs. Petrovic: We'll just ask the chair to do slightly better.

But I just want to say that I appreciate what you and the ministry is doing and the important work that you guys are doing to support the communities across Alberta. Having previously served as mayor, I became really familiar with the municipal development process and our local building codes, as one should as an elected official. That experience gave me a strong appreciation for how important clarity and consistency are for builders, homeowners, and municipalities.

This past summer, when my family and I moved just seven minutes down the road to a new community, I once again had the opportunity to navigate the home-building process. Even with my background, as previously serving mayor seven minutes north of the community, I encountered unexpected hurdles, red tape that made the process more difficult than it needed to be. And it was a strong reminder of how even small inconsistencies in code interpretation can create issues.

I see in the ministry's 2026-2029 business plan under outcome 1, the government commits to working with municipalities and builders to create the enabling conditions needed to increase housing supply and address affordability, including modernizing permit systems and reducing regulatory barriers. This reflects your government's strong market-driven approach, one that prioritizes streamlining approvals and removing unnecessary obstacles so that the private sector can deliver the homes Albertans need. However, builders continue to face uncertainty due to inconsistent interpretation of building and safety codes across jurisdictions. These inconsistencies can delay projects and increase costs, undermining our shared goal of accelerating housing development and approving affordability.

Through the chair to you, Minister: what specific actions is the ministry taking to improve clarity and consistency in building code interpretations across Alberta?

Mr. Williams: Well, thank you for the question and for complimenting the work that I'd say largely the department and minister's office does. I know they appreciate hearing that from both sides of the House because it can be a real challenge sometimes in public life, never mind working for a minister like me. So I appreciate that you're complimenting and thanking them for it and for your question as well, particularly with your experience of having been in municipal politics before in your community.

As you know, when it comes to building codes, Alberta has very clear constitutional authority over these matters. This is something that is a provincial responsibility. There is, however, a national building code process that has redeeming qualities, of course, that's really valuable for having consistency from jurisdiction to jurisdiction, where and when that meets Alberta's interests. Of course, we want to see labourers coming from across the provinces. Federally, we talk about one Canadian economy all the time, though I haven't seen the action on it yet. I can't wait for that. That's terrific. Alberta is all about breaking down trade barriers. Labour mobility is a part of that, so consistency between these jurisdictions for skilled labour and trades is an important part of what that is.

That, however, is one part of the calculation. We need to make sure that we have provincial interests in the process of how we approve these building codes and construction codes. The safety codes, broadly, are quite long and lengthy. It's a multiyear process, and we do a very in-depth analysis. We look for industry, we look for municipalities, we look for folks to engage with us to make sure that we're getting it right. There have been multiple instances where we have not adopted the federal suggested national building code on all sorts – whether it be about something that we would say is in conflict with exactly that point you made, that an affordability piece

is related to the safety piece, and these are two different sides of a spectrum. It is something that swings back and forth, and where we land on that spectrum.

One of the things we're doing, to exactly your point around inconsistencies of interpretation, is surrounding work that the Safety Codes Council is doing around publishing stand data. Stand data is the ability for us to include province-wide variances in a singular database, which allows for alternative solutions, because we want flexibility in building code, right? If it's completely rigid, then we can't have a local officer saying: "This is totally safe. This makes sense. This is acceptable and it's within the code." But we also don't want so much discretion that people don't know when, or feel comfortable knowing when they can safely allow those variances, so to create a standardized database for that, and the incredible work that's being done at the Safety Codes Council is going to allow us to have exactly that.

10:20

There's not an inconsistency where it's permitted safe in one circumstance and these factors are similar or the exact same in another circumstance, so the safety codes officer can say, "boom, ready, safe, good to go," and it's done at the highest authoritative level. It's reviewed that this is an appropriate way to look at a variance. That's one of the initiatives that we're taking to try and resolve some of this problem. It's a real hard one because we have a province-wide set of building safety codes. Those codes need to have some flexibility to them for obvious reasons. Variances are good, but safety is the operative adjective in that sentence, so we need to make sure that's a priority.

The Construction Codes Working Group has worked closely with us under the Safety Codes Council and the construction industry to make sure that as we're going forward in this process we're prioritizing safety, but even when I last addressed the Safety Codes Council and their members, I told them that they're on a spectrum, and some of this affordability crunch that we're facing is about balancing that appropriately.

Of course, the safety services department officials within my office and the Safety Codes Council are available to provide direct guidance for builders, corporations, but also individuals like yourself looking for an understanding on how to navigate the very, very complex situation around safety codes. There are over 600,000 inquiries annually to the office, and trying to create some standardization: that's kind of a one-off way to do it. I think this stand data is a much better way with a common database, and credit to my predecessors and the Safety Codes Council for taking the initiative to have started down that road. I think it's going to provide a lot of benefit in exactly the kind of situations you're talking about.

Mrs. Petrovic: Well, I can definitely say I appreciate that, especially after living in a trailer with my husband, daughter, and 150-pound dog. We appreciate the streamlining process for when we build house number two. We're okay to move on, but I just appreciate you guys and the overseeing you guys are doing in Alberta's property assessment and taxation system. I know you've taken a little bit of flak about it, but I completely understand that the system is foundational to municipal stability, educational funding, and the confidence that taxpayers and businesses place in fairness and transparency of government process.

My family has long been involved in a variety of property types: commercial, light industrial, residential, and agricultural land. I don't know if there's more that we can buy, but we'll look. Because of that, I've seen first-hand how assessment practices directly impact not only families and individual landowners but also the broader economic competitiveness of our communities. Whether

it's a small business trying to manage operating costs, a farm navigating the rise in costs that the feds have put on them, or a family maintaining residential property, predictability and accurate assessments are extremely critical.

I see that in your ministry's 2026-2029 business plan it outlines its responsibility for administering a system that is consistent, transparent, and fair, including preparing assessments for designated industrial properties and ensuring municipalities are supported in carrying out their assessment duties. Given the complexity of property assessments, particularly for regulated and industrial classes, fairness, accuracy, and predictability remain top concerns for municipalities, industry, and taxpayers.

Through the chair to the minister: can the minister explain how the ministry ensures fairness and consistency in property assessment across Alberta, including how assessment models are developed and updated, how discrepancies or disputes are addressed, and what oversight mechanisms are in place to ensure assessments accurately reflect market conditions and do not disproportionately impact certain property classes?

Mr. Williams: Okay. Great question, and a very technical one. I'm going to take from the question that we're largely talking around designated industrial properties. Of course, when it comes to residential, municipalities would do that assessment, and then we have an overview review process surrounding the accuracy of that; it must be plus or minus 5 per cent of market value. We do that work within the department to read that, but when we talk about designated industrial as a group of different assessment classes, it's the province that's responsible for assessing that. And we have an outdated system when it comes to assessment for designated industrial. It's been approximately, at different times, little tweaks, but effectively 20 years since we've seriously addressed the rules around how we think of assessment for designated industrial, so it's our hope and plan that we can address that in a thoughtful way. That is going to provide, to exactly your question, predictability on the assessment, equitability, or being equal, fair, and transparency on the assessment for these different classes. It needs to be made clear that assessment is one part of how a municipality calculates.

I know that the member understands it well with her experience in municipal elected life, but there is the calculation of what they need to spend on their budget, and then from there they work backwards. They have the assessments either done municipally for that class, or for designated industrial, for example, the province would assess what the assessment is for that site, and then they set their mill rate in relationship to that.

The mill rate is the other part, and that is done from a tax policy at a local level, right? What we do at a provincial level is create rules and frameworks and a system that enables us to understand how this industry is going to be assessed in a standard way across the province, so we do want to make sure as best we can that it's market based, but the nature of many of these assets, they're not bought and sold on a regular basis, and you couldn't seriously try and find a market value through looking at it in that lens. So we have a different solution for how we look at these sorts of one-of-a-kind cost-reported projects, for example, where we try and get a good estimate of what that value is in our assessment process. That's a lot of the work done for one-off builds. And then we also create the standardized models as well across the province for different asset classes. You could look at telecommunications, you could look at railway, electrical power systems, all of the oil and gas infrastructures running wells and pipelines, and separate from that as well, there is machinery and equipment as a different category, and all of that needs to be assessed as well. It's on the landscape, and that should provide both revenue for the

municipality and the province for education property tax if it applies, because those are corporations and businesses that have the same responsibility we all do, to pay our taxes to provide those municipal and provincial services.

We have this challenge where we need to update, and it's one of those challenges because it's a zero-sum game, right? The municipalities and the industry are directly in the exact same wheelhouse looking for the same revenue or the same relaxation on the assessment so that they aren't burdened with something that becomes uncompetitive for industry to invest, so we need to make sure we get the assessment right as best we can, and to do that, we have to update the process.

On one side, when it comes to designated industrial, we look at cost-reported projects, and cost-reported assets are ones where it's a one-of-a-kind build, and those one-of-a-kind builds are really challenging. It would be easier for, like, say, a well site; we can create a model and say this is a standard well site for this variety of well, and when we do that, we create an average across the whole province. And it doesn't matter where you are, if you fit within this category, then that is going to be the assessment that you have based on that model. But when you look at costs reported, it's more challenging because there are all sorts of interesting, unique things that a company might do when they're building that mill, that forestry mill or that oil sands plant or any number of these other costs reported here in the Edmonton area, in the heartland, with a lot of manufacturing and value-add as well.

The work that we've done through the assessment model review is partnering in particular – and this has been over two years now that we've been working together – with RMA and individual municipalities as well, who have been fed in through RMA, with industry stakeholders, and oil and gas of course has a key role to play with such a disproportionate amount of the industry on our landscape. That includes telecommunications. That includes railway. It includes forestry. It includes machinery and processing plants. It would include a number of other industry stakeholders that are on the landscape as well that are assessed by the province.

10:30

That working group has done a lot of work, and what we agreed to do was effectively break this into two parts. First, we're going to set some ground rules and say: what are the principles we're looking for? We're looking for equity, equitable outcomes, so we're looking for fairness and predictability in how the system works. We're looking for transparency in that as well.

There's a real value, as much as the dollars and cents are zero sum, but there is a net win, a Ricardian victory, if you add predictability and consistency to the process, if you reduce litigation and challenges going through the LPRT in the court system, so that industry knows what they're doing when they invest, and municipalities predictably know what they're receiving. That's great for average residential ratepayers because now municipalities can plan more years out knowing what they're going to get out of that industrial taxpayer on the landscape.

It also is good because, with predictability, we can see it's not a disincentive for industry to say: I'm not sure what I'm going to get here. They'll know going forward what they'll end up having.

I'll be honest, I could talk – and I have about four and a half pages of notes as well, but I know it's shared time. So if you have a particular thing you'd like to talk about around designated industrial and the principles that we have in the assessment model review around fairness and equity or timelines on it, I'm happy to go down that road.

Mrs. Petrovic: Yeah, and thank you for that. You somewhat touched on it already, and I was just going to follow up with some of the modernization efforts that you were talking about. You said that the system hasn't been upgraded in about 20 years, but you've touched on that so, you know, I'm happy to give you more time if you want to continue on that. If not, I'm happy to cede my time over to another member.

Mr. Williams: Okay. Great.

Mrs. Petrovic: Yeah. I cede my time over to Member Cyr.

Mr. Cyr: Thank you, Minister, and thank you to your staff for being before us. I will say that my colleague MLA Petrovic has done a fantastic job of laying out some of the questions that we've got for the government side, specifically around the permitting, which I also had a lot of questions about, and the assessments and how we go down that road. One of the things I'd like to touch on a little bit more – and I only have a limited amount of time here – is what MLA Miyashiro was kind of going, which is the LGFF and the impacts to our community.

On page 127 of the 2026-2027 Municipal Affairs business plan what we've got is \$799.7 million budgeted for the LGFF. Now, I would like to thank the minister because some of that funding has come to my constituency. Between the LGFF and related programs we have about \$9 million coming into Bonnyville-Cold Lake-St. Paul, so thank you, Minister. I know that my communities very much are impacted by this, and we're very appreciative.

One of the things that had come up was that an article came out today that was in *Lakeland This Week*: Lakeland politicians react to provincial budget. I will say that some of the concerns highlighted by my very strong advocates Cold Lake mayor, Bob Mattice, and St. Paul mayor, Glenn Andersen: they've brought forward the infrastructure pressures created by population growth, raising construction costs, and challenges faced by the provincial requisitions that appear on the local tax notices. One of the ways that we are able to deal with some of these pressures is the LGFF, and I understand that, again, this is a provincial program that is brought forward by your ministry. Now, can you please outline how the LGFF is helping provide municipalities with predictable, long-term infrastructure funding so they can plan major projects with greater certainty?

Mr. Williams: Terrific question, and I think that's a real concern that rural municipalities have. To their absolute credit, when I meet with them, they're worried about the nuts and bolts and the meat and potatoes of municipal government. How do I pave this road? How do I grate this road afterwards, this range road or township road? How do I provide the services in urban municipalities and small rural ones around garbage pickup or water or waste water? They have real challenges, and I don't dismiss that at all. I want to partner with them to exactly that end, and the LGFF does that.

The LGFF was brought forward through the budget in my ministry, but it's created really with the municipalities in a very sincere, open process where they said that they wanted to have a share in when the tide goes up, that raises all boats, but also when it's down, and they've run their ship a little bit ashore. It's the province that has, too, right? That is the situation we're all in together. Maybe misery loves company in that sense; I don't know. Municipalities asked for that ability, and it's a reasonable ask. It's not like the property tax revenue, which is very predictable and consistent.

To my point with MLA Petrovic, we're driving more predictability through the assessment model review when it comes to the assessment side. We want predictability. It's good. Royalty

revenue isn't that – right? – and provincial revenue, because of Alberta's oil and gas system, of terrific benefit to our province that has built so much of it, is not that.

How are we going to help Bonnyville or Lakeland? Happily, next year we have a \$100 million increase to the LGFF because two years preceding we saw an increase to the provincial consolidated revenue line as well.

I'm happy to go more into that, but I see your time is running out in this section, so I'll return to it afterwards.

The Chair: Excellent. Well, thank you very much, Minister, and all the members for those questions.

At this point we're roughly halfway through the meeting, so I will call a five-minute break as we discussed prior. The five minutes will start here right away, and we will be back here when that countdown hits zero.

[The committee adjourned from 10:36 a.m. to 10:42 a.m.]

The Chair: Well, great to be back. Thank you, everyone, for that.

That concludes the government's first block of questions. Now we move to the second round of questions and responses. The caucus rotation moving forward will be the same as the first round with the exception that individual members now have a 10-minute block of either back-and-forth or block time. Block time will be five minutes for questions and five minutes for the minister to respond. We will begin once again – sorry. No sharing time during these 10-minute blocks.

We will begin this rotation with the members of the Official Opposition. Excellent. Member Miyashiro.

Member Miyashiro: Thank you very much, Chair.

The Chair: Sorry. Just before we begin, Minister and Member, do you guys want to do shared time or block time?

Mr. Williams: Block time, please.

The Chair: Perfect.

Member Miyashiro: Thank you, Chair, and thank you, Minister. The next question deals with, again, key objective 2.5 in the business plan; speaks to "strengthen municipal fiscal responsibility by exploring ways to limit excessive property tax increases" and "ensure taxpayer dollars are being respected." Outcome 3 of the plan also talks about the ministry's role in ensuring safe communities, which obviously involves policing, which is a cost for municipalities and the province. You know, another thing that has massive implications for municipal taxation and fiscal responsibility is the recently announced increases to policing.

When the police funding regulation was implemented in 2020, Jasper's policing cost was \$126,269. By 2025 Jasper was spending \$286,565 on policing costs. Recent changes to the funding model will have a massive impact on all municipalities' budgets that receive the funding such as Jasper. For example, I'm going to talk about the expected policing costs for Jasper over the next five years. Fiscal '26-27: there's going to be a 22 per cent increase cost to Jasper, \$512,750. Remember, in '25 it was \$286,565. In '27-28 the increase will be another 24 per cent, \$604,000. We just keep going: '28-29, up to \$751,000; in '29-30 up to \$926,000; and by '30-31 Jasper's policing costs will be almost \$1.2 million. By 2030-31 Jasper will have seen a 132 and a half per cent increase over five years. Since 2020 the increase will be nearly tenfold.

These are, like, staggering, unbelievable numbers for any municipality to deal with. Are these sustainable increases? Is the minister expecting that increases like this won't lead to higher

property taxes? How does the ministry expect municipalities to cover these large increases without excessive property tax increases? Is it expected municipalities cut other parts of their services such as funds meant to go towards supplying, you know, things like clean drinking water or safe roads?

Rising policing costs coupled with decreased infrastructure funding and increased provincial downloading and stagnant social funding are cumulatively placing an immense strain on local budgets. This is particularly true for parts of our provinces that deal with large temporary or shadow populations. Nonresident populations use roads and suck up emergency resources such as policing. Has the minister considered increasing supports for parts of the province that deal with large shadow or temporary populations?

Other parts of the province have also noted large increases to their policing budgets. The town of Mayerthorpe has recently stated that their contribution to funding local police would rise 320 per cent in that same time period. Cypress county and Lethbridge county will double by 2030. Does the department have a list of how much policing costs are expected to rise over the next five years? Does the department track which municipalities are expected to see the largest increases?

In my discussions with municipalities and rural municipalities specifically and specifically in southern Alberta they have a real concern about the actual sustainability of their police contribution, and they have a real concern over their ability to provide services to their constituents while these kinds of costs are going up so drastically. Again, the question, I think, is: what is the department's plan to deal with this, and what support will there be in place for municipalities and especially rural municipalities?

Mr. Williams: Well, thank you, Member, for the questions surrounding what is largely Minister Ellis's responsibility and pieces surrounding the police cost funding model. But there is, obviously, a municipal aspect to this as municipalities are being asked to share some of that cost. That is a policy from 2020. It largely has to do with the fact that compensation for the RCMP across the province – this applies to approximately 250 municipalities, have a population under 5,000, that will share about 30 per cent of the cost. That was started in 2020. The negotiations, for example, with the public-sector union responsible for the RCMP are made in Ottawa without a provincial conversation, and then this cost is told and dictated to us.

I'm very supportive of our local RCMP members across the province. I have a huge heart for the work they do and respect for that. This is largely a question of: how did this number come to be agreed upon without provincial consideration on all sorts of things like vacancies in our communities, et cetera, that are real challenges, you know, in rural Alberta and ones that I don't think have been very substantively addressed by the brass in Ottawa? I know that every single RCMP member I speak to wants to see more of their colleagues out there hitting the ground with boots on the ground along with them. Those vacancies are a real challenge.

All that to say that that 30 per cent number was paused in 2020 and held for two years at 22 per cent rather than 30 per cent. This last iteration is now being stretched over a five-year period for that 22 to 30 per cent of the funding cost. It's largely, as I said, in relation to the RCMP salary settlement that was negotiated outside of it.

I'm very happy to support the rural municipalities on this. I know in my own communities around Peace River there are a number of different grants to look at when it comes to public safety and policing through PSES. What can we do to try and address those challenges at a local level? There are some things that every single

jurisdiction across Canada is facing, and there are things far outside of not just my ministry's control but even our government's control. I just saw another story this morning of the parents of a victim of a brutal attack looking for reform on bail policy, which is federal. If you talk to the RCMP, one of their big challenges they have is very much the sentiment that no matter how many times they go and pursue folks that are literally criminal in action over and over again, it's a turnstile and it's a catch-and-release situation.

10:50

These are a lot of the challenges that rural municipalities share with me, and as well the challenge we face around these dollars and cents pieces. It's about a core service, that we are still bearing the vast majority of that responsibility at the provincial level; 70 per cent for these communities under 5,000 is being funded by the provincial government. The big challenge that I think municipalities share with me is that they're fine paying for it. What they'd like to see are the services. They'd like to see the services, and this is a big conversation we have to have that is larger than Municipal Affairs, a conversation we have to have with our colleagues in Ottawa for them to understand that we love the RCMP. Heck, the RCMP is an NWT creation. It started in Fort Macleod in Alberta. It's a part of our heritage and down in your neck of the woods, Mr. Miyashiro.

We know very well how much we love rural Alberta, that institution, but it needs to be working for Albertans, and this is a part of that shared responsibility. Minister Ellis can speak to that more directly. I was emphatic to make sure that we have an easing in on this over the following number of years in terms of what that cost looks like, and we're going to work together with municipalities to that end. I'm looking and I'm working with municipalities at RMA, AB Munis, and a number of others, including industry associations, on what we can do to look for alternate forms of revenue – I know that you've read the mandate letter – and looking for different ways without raising property taxes but still finding revenue for municipalities is part of that creative solution.

We see in other jurisdictions that they've done very, very well. This relates to our question we had before around infrastructure. Again, we can happily relate all of our challenges and dollars and cents back to that big crisis we're facing across all provincial, municipal, and even federal assets of the cost of updating, maintaining, and building new infrastructure for a growing population. How do we do that? Folks feel like they're burdened when it comes to taxes, and there's only one taxpayer, whether it's a federal tax, a provincial tax, or a property tax. It's one family at the end of that that has to find a way to make ends meet, so we have to look creatively at the solutions, and I'm very happy to work with members opposite even, if they have thoughts, and collaborate with you on how to try and grow the pot.

The Chair: Excellent. Back over to Member Petrovic, I believe.

Mrs. Petrovic: Minister, are you okay with shared time again?

Mr. Williams: Yeah. That's fine. Thank you.

Mrs. Petrovic: Wonderful. Thank you. I'd just like to say that I appreciate your answer that you gave to the members opposite in regard to RCMP. As the member that represents Fort Macleod and lives in rural Alberta, I have a deep appreciation of what that means, so thank you, I guess, for the shout-out of down south.

As we talk about southern Alberta, if we can just continue on there, as we all know, "whiskey is for drinking [and] water is for fighting over." Some of my colleagues will definitely attest to that

as well, so if you just don't mind bearing with me on my question here. I know that it doesn't necessarily directly relate to your ministry, but it also does, I guess, at the same time. Understanding that you're not in charge of water and kind of that water infrastructure, it does state on page 125 of the Municipal Affairs business plan that the ministry administers "grant programs [intended] to support local infrastructure, municipal sustainability, [and] regional collaboration." At the same time, many rural municipalities are looking to invest in reservoirs, raw water storage, and drought mitigation projects, particularly in southern Alberta, where water security is becoming increasingly important. I believe it was just two years ago that I had one community that ran out of water, and it was a \$10,000-a-day bill to truck in water for that community, so this is something that's really important.

My question through the chair to you, Minister, is: how can the province better support rural municipalities that want to invest in water storage and drought mitigation infrastructure but lack the tax base to undertake these projects on their own? Is the ministry considering targeted infrastructure funding or partnerships with other ministries to help rural communities advance these critical water security projects?

Mr. Williams: Great question. Thank you. I love the Mark Twain reference. Terrific with the whisky for drinking and water is for fighting over.

Yeah. The primary mechanism by which we fund capital grants – and we've been over it multiple times before – is the LGFF. That is legislated. That is predictable. I think earlier I said that it's decided from revenue two years out. It's three years out, but municipalities are made aware 18 months ahead of time what the following two years of revenue are going to be from LGFF, and that's an important part of what this is.

I'll stress this. We'll address the question around dedicated funding after, but I need to stress: municipalities, just like the province, should be planning to update their infrastructure, to maintain their core services infrastructure with revenue they have. They should be doing asset management and mapping what assets they have now, what their ages are, what maintenance costs will be, when they should be replaced. This is their responsibility. If they don't want to do it, then there's not some other council somewhere else behind them that's going to do it. The only council elected for that municipality is them. They have that responsibility. It is an important job. It is an incredibly rewarding job. It's only rewarding because it's hard – I'll tell you that – and you guys know it well.

These challenges need to be addressed, and they will be addressed primarily, first and foremost, not from a knight in shining armour coming down a hill with provincial royalty revenue, sacks of cash in hand to hand off to municipalities. It will be addressed through property taxes they're collecting, through LGFF that we give them, and through other grant programs, flow through like the CCBF, which is a federal infrastructure piece that we administer provincially and plays a part in what that is. Those are the primary mechanisms through which they should be doing it.

There are other ministries, of course, that in the capital plan continue to support municipalities. Transportation and Minister Dreesen is probably one of the most impactful, especially when we talk about the water question: water, waste water, and especially waterworks on the supply side. I think it's about a \$28 billion capital investment over three years that is going mostly for infrastructure in municipalities, whether that be roads, highways, interchanges, or waterworks programs, et cetera. It's not all funded through my department. The lion's share of it's funded through other departments, and I'll give a shout-out to transportation in particular.

I cannot stress enough that I hear the reports from RMA and AB Munis. I hear from Edmonton and Calgary because they have big microphones, and they're right to raise the issue around infrastructure challenges. I will never dismiss it. Not one day will I dismiss it. I'll partner with them on it, but if in the end they're raising political awareness because they think the province should just, you know, sack up and find some cash somewhere and give it to them, it's not happening. We don't have that money. We're running a deficit this year and we maintain services. The couch cushions: they're bare. It's not there, so they need to come to reality, work with us, and say: how are we going to do it?

Whether it's new, innovative forms of revenue with how we finance, I'm happy to look at – and I heard that this was brought up with the Minister of Finance at the Calgary Chamber town hall he had around municipal bonds. I think that those are possibilities. I'm interested in looking at what other jurisdictions have done to try and solve this with asset recycling, and Australia is an example of that. I'm open to any sort of suggestion that municipalities, chambers of commerce, members of the opposition, or my own team bring forward.

I don't think that just expecting to shift the tax burden from one level of government to the other is a serious answer, right? That's dodging on both sides, whether the province or municipalities do it. We have to address that when it comes to this giant infrastructure challenge we have, it will be through thoughtful planning, tough decisions, and sacrifices that we'll come to address it. I think Alberta is up for the task and the challenge, but there's not an easy way out of it.

Mrs. Petrovic: I appreciate that answer.

I know you just briefly touched on the asset management across municipalities. I was just hoping, through the chair to the minister: can you outline how the ministry measures the success and effectiveness of ACP-funded projects, including what performance indicators, reporting requirements, or long-term out-term metrics are used to assess whether these investments are improving municipal collaboration, reducing costs, and strengthening overall capacity across partnering municipalities?

11:00

Mr. Williams: Yeah. I think ACP is an incredibly important program. As I mentioned before, there's a \$2.8 million cut to ACP, but it's also being refocused and focusing particularly on that piece on asset management because we see that, as these questions are focused around infrastructure, as a key question for it.

I'm going to ask my department to talk a bit about the tracking and the outcomes and what we do as a process with that granting and what it looks like at a municipal level and how we decide provincially where we allocate those dollars and what the priorities are.

Mr. Bayne: Thank you, Minister. With respect to the ACP program there are a number of different funding streams or components within that program. Some longer standing ones include things like support for regional collaboration, things like support for municipal restructuring, dispute resolution, mediation services. With those kind of longer standing elements of the program we have quite robust measures that we look at in terms of the outcomes. So if we fund a group of municipalities to get together and do a study and say, "Should we have regional services in an area like water or waste management?" you know, we can track over time: did that study result in an actual regional service delivery model that was implemented?

Last year, in fact, we completed a major evaluation of the program where we went out to municipalities and supplemented our internal metrics with survey data from them to say: is the program doing the job that we think it ought to be doing? And the results of that were very positive. We made some small tweaks to the program from what we learned. Overall, we found it was very valued by municipalities and led to some very tangible improvements in the efficiency of their service delivery.

The asset management component that the minister mentioned is a new part of the program. This fiscal year is actually the first one that it will be in place, so we're looking at funding pilot projects in two regions for groups of municipalities to get together and improve their asset management practices where they may have limited capacity to do so because everything costs money, and staff, resources, and time need to be devoted to actually assessing the condition of our infrastructure and then planning from that based on our revenue sources. How do we want to spend to refurbish that over time? We know municipalities need help with that, so we've got two regional pilots where we're going to fund them and support them to do that.

We will evaluate that going forward, based on how those two pilots do, to see the benefits, but we anticipate it's going to be significantly beneficial in terms of allowing municipalities to do their capital plans in a more organized way and prioritize their limited resources towards where it really needs to go.

Mrs. Petrovic: Thank you.

I think that's all that I have. I appreciate that. I don't know if you guys can say where those pilot projects are, but I very much look forward to seeing where those are in the outcomes of it. Thank you for that.

Mr. Williams: Where are they?

Mrs. Petrovic: Are you allowed to say that?

Mr. Williams: Yeah.

Mr. Bayne: One is centred on the county of Warner region, and the other is the county of Two Hills.

Mrs. Petrovic: Perfect. Well, thank you, guys. That's all my questions. Appreciate it.

The Chair: Excellent. Thank you so very much.

We are now turning back over. Excellent. Thank you, Member. Minister and Member, block time or shared time?

Mr. Williams: Block time.

The Chair: Block time. Perfect.

Go ahead, Member.

Member Boparai: Yeah. Thank you, Chair. Through you to the minister, based on line item 4, local government fiscal framework, which municipalities rely on to fund essential front-line services but which provides no guaranteed dedicated support for low-income transit programs, how does the ministry intend to protect seniors and vulnerable Albertans who depend on low-income transit passes as a lifeline, especially given the province's recent decisions and the growing pressures facing those regions?

Over the past two years we have seen a troubling pattern. In April 2024 the province abruptly cut funding to low-income transit passes in Calgary and Edmonton when more Albertans than ever rely on these passes not for convenience but simply to get to medical appointments, groceries, workplaces, and essential community

supports. And while the province restored the funding due to significant public backlash, municipalities continue to warn that funding remains insufficient given rising demand. Some of our stakeholders have told us that this was a big issue for them. Essentially, the funding appears to be relatively flat, but cities like Edmonton have seen a large uptick in residents in the low-income transit program. Some stakeholders have suggested that funding for this program should increase as the number of users increases because now the funds per user have decreased despite the net funding not decreasing.

Where does this item appear in the budget and/or related documents? What is the government's plan to adjust seniors' and low-income transit passes to population growth and to maintain service levels? Is the low-income transit pass funding tied to population? Is it tied to the number of users, the number of unique users, or the number of rides? How does the department decide how it is calculated? Do they have a formula?

Compounding this, on March 3, 2026, the province tightened eligibility for the Alberta seniors' benefit, cutting support for at least 5,800 low-income seniors and reducing caregiver tax credits at a time when living costs are rising sharply. These cuts mean that more seniors will rely on affordable transit to remain independent, attend medical care, age in place safely, and avoid isolation. Already strained municipalities cannot absorb these compounded pressures alone. Without predictable provincial operating support seniors face longer travel times, higher fares, and potential loss of the only affordable mobility option they have.

Given these recent provincial actions, especially with cuts to seniors' income supports, how will the ministry ensure that essential lifeline programs like low-income transit passes are sustainable so that Alberta seniors and vulnerable residents are not left stranded, isolated, or unable to meet their basic daily needs.

Through the chair to the minister, based on line item 4, local government fiscal framework, specifically 4.1 and 4.2, which is intended to help municipalities manage their core operating pressures and long-term sustainable funding respectively, how can the ministry justify the largest property tax increases ever, placing such a heavy financial burden on Alberta families at a time when municipalities across the province consistently report that they are receiving far less per person than they did 10 to 15 years ago?

We know that families are already stretched to their limits. They are facing higher property taxes, escalating fees, and significant increases in their cost of living. Yet, while families pay more and more each year, the supports provided to the municipalities remain effectively static. Municipal leaders tell us that LGFF operating and LGFF capital have not kept pace with rising demands. Growing populations are expanding infrastructure needs. In many cases these funding levels are frozen at amounts that no longer reflect the real cost of maintaining essential services.

Families feel like they're doing their part paying more than ever before, but their communities are not receiving the resources required to maintain safe roads, reliable transit, core programs, or basic infrastructure. Given these pressures, how will the ministry ensure that LGFF operating support is modernized and expanded to reflect what families are paying municipalities that are actually responsible for today? This is not simply an accounting matter; it is a fairness issue for families who feel squeezed from every direction while receiving less and less in return.

Thank you.

The Chair: Excellent. Thank you, Member.

Minister, the floor is yours for the next five minutes.

Mr. Williams: Okay, great. Thank you, Member Boparai, for the questions. I appreciate it very much. Now, particularly on the questions surrounding low-income transit, you asked: where does this appear in the budget? I can tell you that it's not funded through Municipal Affairs and hasn't been. This is, as far as I understand, a question for Minister Dreesen in a substantive sense surrounding any transportation subsidies, et cetera.

But that being said, LGFF is the normal mechanism by which municipalities will fund their infrastructure through a provincial grant program for capital costs, so I believe that LGFF capital costs accepted by function in '25-26 has public transit at approximately \$50.5 million funded through LGFF province-wide. That's looking at all the different grants across the province that ended up through LGFF funding for public transit. That I think is an important concrete number, but it also illustrates the wider point that municipalities have the ability to invest in public transit both at a capital and an operating side within their discretion. It is one hundred per cent up to a municipality to decide where they want to spend those dollars; however, I would highly encourage them to spend it on core services, and I think public transit is a part of what that looks like.

Now, they need to make difficult decisions in terms of how they allocate those capital funds and the operating cost and how they support their ratepayers and residents in those communities, but that's something that local municipalities get to do through their budgeting process. So if we're looking at Edmonton, for example, they just went through a budget process this fall and made discrete decisions around how they're going to be supporting ratepayers around public transit. That's something that is their responsibility to do.

11:10

I will also note with Edmonton, because you pointed out Edmonton as well, that they're the beneficiaries in this budget in an incredibly supportive way around GIPOT being increased back to 100 per cent. What that means: it's approximately \$11 million more in revenue for the city of Edmonton that, at their discretion, could be used for capital infrastructure, road maintenance, light rail transit operation, to whatever degree they see fit. That is something that the province was emphatic on, returning to that GIPOT at 100 per cent.

The next item you brought up is the LGFF generally, and I think at one point you mentioned that municipal leaders have told you that it's effectively remained static. That's just categorically the wrong adjective to use to talk about the LGFF. It has remained predictable. I think that's a very helpful adjective, but static: not true. As we're seeing, it rises and lowers with provincial revenues, which is why next year we're seeing a \$100 million increase to LGFF province-wide, \$95 million, so that municipalities can use that capital money for investments that they see fit. This is something that the province in partnership with municipalities came to as a formula, saying that we want to share together when times are good and also in those burdens and challenges when times are poor.

The nature of the LGFF is not like a property tax, which is a stable form of revenue, very predictable in terms of year to year what you would get. LGFF is based on provincial revenues. Provincial revenues come from income tax to a large degree, which is not as stable, you know, many years out predicting what that will be because it depends on the nature of the economy, how much income people are making. Business tax as well depends on a lot of other factors. Royalty obviously depends on international factors, as we're seeing right now in international headlines. All the different consolidated provincial revenues that we have in the

budget are the things that change to a much higher degree than something like property taxes.

So municipalities get a little bit of both now. They get to see that up and down that we see provincially in revenue, at their request because those ups feel real good, but they've got to understand that those downs are part of that deal. It's a two-sided coin, and what's good for the goose is good for the gander. We would agree that we want to see municipalities share in those successes, but to do that they also have to be a part of this rising and falling of provincial revenues.

When it comes to the decisions that municipalities make, whether we're talking about your earlier question on public transit or if we're talking about any number of other core services, really essential services like water and waste water, like garbage pickup, like road clearing and maintenance, like transportation and road infrastructure, overpasses in larger cities: all of these items are things that municipalities should be planning to maintain with maintenance costs. They should be planning to upgrade and to expand as their population increases, too. With their revenues, their predictable revenues – LGFF, which is legislated, will continue along with property taxes – they should be planning for those events.

The Chair: Excellent. Thank you very much to both the member and minister.

I believe we're turning to Member Yao now. Member and Minister, do you want back and forth or block time?

Mr. Yao: Back and forth.

Mr. Williams: That sounds fine.

The Chair: Perfect.

Mr. Yao: Thank you very much, Minister Williams, and thank you to your entire team for all the hard work that they do. My series of questions all revolves around the residential protection program, also known as the home warranty. Minister, you know, I used to build homes as a bit of a side business, and it's programs like this that actually made things really difficult for me. Even though I build proper homes and stuff like that, follow the code, did everything properly, it was the expense and the red tape, for lack of a better term, that this created that really pushed folks like me out of the business. I actually talked to two developers who identified that these programs actually took a lot of small builders, which is unfortunate. That said, it was put in place as a safety mechanism for people. I guess my questions kind of revolve around that.

Under outcome 3 on page 129 of the '26-29 business plan the residential protection program is identified as a key tool to ensure builder accountability and consumer protection through licensing and warranty requirements. While these protections are important for maintaining trust in the housing market, a lot of prospective homeowners have raised concerns about whether the regulatory processes can sometimes be overly complex or burdensome. For individuals trying to enter the housing market, the red tape and everything else can add to the construction timelines but also add to the cost. I think the home warranty program adds, like, another \$10,000-plus to the cost of a home, especially at a time when we're trying to deal with housing affordability.

Through the chair to the minister: how is this residential protection program ensuring strong accountability for those builders through the licensing system while trying to avoid unnecessary burdens that could slow housing construction or increase costs for homebuyers? Has your ministry been striving to seek a balance there?

Mr. Williams: Yeah. That's exactly right, Member. I think your personal experience brings a point that many Albertans intuitively understand, that we need to strike a balance. There are two sides to this. Of course, we want to protect Albertans both from a Safety Codes Council side, with the building codes, et cetera, but then also from a homebuyer protection perspective. That's a good, laudable, and reasonable goal; hence, why we have the legislation.

But then we also have to understand that that's on a sliding scale. All of this is on a scale, and there's no perfect solution. When you do more of one thing – to my earlier point, this is about trade-offs, not solutions. Wherever you land on that, you might solve for one thing, but you're excluding something else in that process. Calibrating that right in balance is exactly the challenge that we face.

The program and policy is one that, as far as the national market goes, still has Alberta leading the way; 1 in every 4 homes built in the province this year are being built in the province of Alberta despite that proportionally we have less than half that on a per capita basis for our population in the country. We have done a lot between individual municipalities. Credit to municipalities like Edmonton and Calgary but also mid-sized cities, and very much credit to all the very small towns across the province for reducing red tape, and credit to Minister Nixon, as well, on the housing file and the work that he's done to reduce some of that red tape. We still see ourselves leading in that sense, but leading Canada is a very low bar these days, unfortunately, and that might not be enough for us to say as United Conservatives that that's enough.

We want to make sure that we are balancing that right, and I'm happy to look into any particular programs. It's a priority of mine to reduce red tape, and I work closely with Minister Nally to that end to ensure we're meeting the needs of Albertans in the homebuyer protection piece. A public review of the New Home Buyer Protection Act and residential protection program was completed. A number of regulatory amendments to add builder competency requirements and building licences were recently introduced, coming into force on January 1, 2027. I'm always open to a conversation on what we can do.

The homebuyer protection piece is going to continue to be there, but where and when we can make it accessible for smaller builders that are not doing large scale – I appreciate that large-scale builders have an incentive where, you know, red tape isn't necessarily a burden for them if their competitors don't have it. I can appreciate that. I don't want this to become a function of supporting the largest builders but allowing the smallest builders to just be squeezed out in every possible way. But there's no doubt that when it comes to certain poor actors that build in this space, Albertans not only appreciate but have come to expect the protection of this as well. There are exemptions in it for building your own home, et cetera, but if there are particular, concrete issues that we want to address, I'm always happy to look at those.

Mr. Yao: Absolutely. No, thank you for that.

I guess my question revolves around, again, just if you can emphasize how we do action against those builders who fail to meet those standards, again, without creating that red tape. How do you discourage these builders from coming back in under a different corporation, as an example, and starting a business? I don't know if we can address that issue. That's an issue in other areas as well, and I don't think any other industry has actually resolved that, the ability to target an individual versus a corporation. But if there is something that you guys have looked at, I'm just curious if there has been.

I mean, we can liken this to the driving authorities. There are a lot of bad driving companies out there, and the concern is once

they're identified, they shut down that driving company, and then they start a new one and continue to issue licences. From the home warranty program perspective, bad actors continue to continue on. I'm wondering if your ministry has found something that no other government agency has yet.

Mr. Williams: Yeah. Thanks for the question. I think you, rightly, highlight how there are bad actors out there and that this can play a role, calibrated properly, to your point, in protecting Alberta homebuyers.

I'm going to ask my assistant deputy minister, who's not at the table right now, Shawn Ewasiuk, to come up and just comment a bit as it's his shop that runs the program. Go ahead.

11:20

The Chair: Excellent. Thank you so very much for coming up to the mic. If you can just introduce yourself for the record first and then make your comments, that would be fantastic.

Mr. Ewasiuk: Certainly. Thank you. Good afternoon. I'm Shawn Ewasiuk, assistant deputy minister for the technical and corporate services division within Municipal Affairs. The question raises an excellent point. One of the things that is done is we looked at the corporate ownership and directorship so that if there is an instance where a new builder, a builder that has experienced a compliance enforcement, if you will, whether that's a suspension or whether that's a revocation of that licence, we would look at new applications to ascertain if there is a common or consistent ownership or directorship of that new applicant. So that is one thing that we would do. However, I acknowledge the challenge of that, and it's not entirely a perfect system to be able to do that.

The other aspect that I might highlight for the committee is the introduction of the builder competencies, I think to the broader point about wanting to ensure that builders are performing their function and are competent and able to do that. That is a new tool that was introduced through the legislative changes recently passed, and that is coming into force in January 2027, where there are specific builder competencies that have been identified so that when a builder receives their licence, they're stating and indicating that they do have those competencies. It is a tool if it turns out that a builder maybe does not or is performing poorly.

If there are actions against them under the Safety Codes Act – as an example, a safety codes order – if there are insolvency issues, or whether there are other indicators that a builder is not performing well, those new competencies provide an additional tool for a government to be able to work with that builder, ideally, to be able to improve in those areas of those competencies, and if that isn't done, then, again, an escalating set of enforcement actions such as suspension or even revocation of that licence.

Mr. Yao: Thank you so much for that. I really appreciate that answer from your team, Minister. It sounds like you guys have been developing certain legislative, regulatory, and administrative changes. You have been doing outreach with a lot of the builders and with the stakeholders in the home warranty program and that you're attempting to identify and troubleshoot a lot of these issues that are cropping up. Based on what you've been telling me, this is an ongoing process that never ends – it's always a continuous thing – and that you're having good discussions with municipalities on these, so I really appreciate that. The planning and development agencies and municipalities that work with a lot of this as well, I think, need some support and help, and it sounds like your ministry is doing a really good job of trying to manage that, so I really appreciate that.

The Chair: Excellent. Thank you so very much.

Back to the members of the opposition. Excellent, Member. Block time or back and forth?

Mr. Williams: Block time. Yeah.

Member Miyashiro: Thank you, Chair, and thank you, Minister. The Provincial Priorities Act was passed in May of 2024, and the regulations for that followed shortly after. Under the regs municipalities and municipal entities must submit information on all new agreements with the federal government, including amended or renewed agreements, to the Minister of Municipal Affairs for approval. Is this not by definition increasing red tape? There's no real need for ministerial approval for federal funding to go to municipalities. All that Bill 18 has done is create red tape for housing providers in Alberta.

This could leave millions in federal money on the table. This has massive implications for Budget 2026 because the second-largest revenue line after income tax is federal transfers. We're set to receive more in federal transfers than even nonrenewable resource royalties for '26-27. I have some questions about the impact of Bill 18, and I'm curious to know what it's costing the government to be the middleman between municipalities and the federal government. I'll just also clarify this by saying that there was a time when I was on city council in Lethbridge where we had a fast turnaround for the old gas tax program. We were able to get over \$9 million worth of funding in a very short time to build a municipal transit centre in downtown Lethbridge.

So the questions I have: quite simply, how much federal funding for municipalities received ministerial approval over the past year? How many projects was this, and how many agreements was this?

How much extra time did the minister or his office or the department spend because of requirements related to Bill 18? How much time has Bill 18 created for the department? How much money was spent on approving federal funding for municipalities? Are there any costs associated with staff spending time on this, related to my previous question?

Have any agreements or projects been denied federal funding because they did not receive ministerial approval? If yes, how many projects or agreements have been denied approval by the minister? If yes, can the minister or the department provide the reason for which they did not approve the funding?

Is the department aware of any delays that the mandatory approval has caused? As we know, delays usually result in higher costs, which could be reflected in the budget in the estimates for '27-28 and '28-29. What is the average wait time for the province to approve an agreement? What is the longest wait time for ministerial approval that a municipality has been subjected to? Some of these are just curiosity. I'm not sure if you actually have the data.

Has the Provincial Priorities Act resulted in more federal dollars flowing into Alberta to the benefit of Albertans? You know, in discussion about Bill 18 I know the government's part of their debate about this would be about increasing the effectiveness of negotiating for better funding from the federal government. I think part of it was the ability for the province to negotiate rather than the municipalities directly negotiating, so I wonder if the ministry can tell us here whether that's been the case or not. Has Bill 18 actually improved the negotiating or effectiveness in negotiating with the federal government for better funding for projects in Alberta for municipalities?

I think I'll give the rest of my time up.

Mr. Williams: Okay. Thank you very much, Member, for the questions. I'll do my best to try and answer some of the detailed, technical ones first and then give you an overview of the Provincial Priorities Act. Straight up, you asked: what are the costs? We have approximately three FTEs that are responsible for reviewing this. They have some other responsibilities, but three FTEs are responsible for reviewing it. There have been 122 agreements that were valued under \$100,000 and did not require approval. Thirty-seven agreements were valued between \$100,000 and \$5 million and required approval from the minister responsible. Of these, 30 agreements have been approved, six remain under review, and one was declined because it did not align with Alberta's priorities.

Happily, I can tell you what that was. I'm not sure if you know or remember this from when I was in Mental Health and Addiction. In Lethbridge there was funding going for what I would charitably deem harm production, where the funding was federally being facilitated to teach grade school children how to use meth pipes. This is not a provincial priority.

I will now get to the meat of the matter, which is that this is not red tape. This is the Constitution, Member Miyashiro. That is why we do this, because there are provincial responsibilities, and fiscal federalism under quote is a way for the federal government to undermine Alberta's constitutional authority on anything from health care, in dealing with addiction, all the way to municipal government. This is the division of powers that our Constitution has laid out, that we've inherited, since 1867. As a proud Canadian I'm happy that we have this Constitution. If members opposite want to understand why so many Albertans are frustrated, it's because we've seen decades of the insanity of trying to undermine true provincial responsibility.

11:30

This act follows Quebec's lead. Quebec created legislation very similarly. Whether or not more dollars have flowed to Quebec because of it I can't tell you, but dollars sure do flow to Quebec from the federal government. I can tell you what it is ensuring is that the federal government will come to the province of Alberta if they need to negotiate with the municipality, and that is because we have that constitutional authority.

No act of Parliament can change this. The nature of our government isn't that the provinces are some, you know, child or creature of the federal government. We have responsible constitutional authority over areas in the Constitution delegated to us. There are extreme circumstances, which we hope the Prime Minister will use in the MOU in making sure we get our pipeline to the coast, for projects of national interest, but aside from those few exceptions, health care, education, municipalities are provincial responsibilities. We will hold the federal government to account, whether it's Conservative or Liberal, whether it's Mark Carney or Justin Trudeau trying to undermine the provincial interests of this province.

I'm proud of the Provincial Priorities Act. We will continue to diligently review at cabinet and with every minister responsible whether the federal government uses its overcollection of tax dollars – if it's come to the point where it is one of the largest transfers for a budget revenue for the province of Alberta, maybe the federal government should cut some of its taxes. Maybe that's some of the problem if all they're doing is transferring it the whole time. Then we could just have Albertans have more cash in hand.

The problem we have with the undermining of the provincial government is that we have an elected democratic constitutional mandate to rule on behalf of Albertans. No one else has that. The government is the group of people under the Premier that can hold the confidence of the Legislature accountable, constitutionally

every five years, to electoral review. If the feds don't like that, they can run a party in the province in order to try and get the federal Liberals elected. Until then it will be the United Conservatives that will use the Provincial Priorities Act to make sure meth pipes are not handed out or children are educated how to use them in Lethbridge and to make sure that the provincial priorities across this province and every one of our ministries are the priority, not someone in Ottawa who doesn't represent the interests of Albertans and isn't subject to electoral review every five years to Albertans.

We're not going to be dictated by Quebec or Ontario or other people across the country what our provincial priorities are. Just because they have huge fiscal levers to pull over the province does not mean they get to undermine the province's interests and the people of Alberta's interests. To call it red tape I think is the height of exactly the problem that has led us to this challenge, this amnesia that Canadians have in terms of what country we inhabit here. Canadians are incredibly proud of our heritage and where we come from and the institutions we built. One of those institutions is the division of powers in the Constitution, and those institutions allow the province of Alberta to be accountable to the people for its decisions, not voters in Quebec or Ontario to tell the federal government how to use their massively oversized fiscal federalism to try and influence us through, I'd say, absolutely politically illicit means what our priorities ought to be. And meth pipes? Not our priority, Member.

The Chair: Excellent. Well, thank you very much, Minister.

We will now turn to MLA Rowswell. MLA and Minister, back and forth or block time?

Mr. Rowswell: Preferably back and forth.

Mr. Williams: That's fine. Yeah.

Mr. Rowswell: Okay. Thank you very much, Minister. I'd like to talk about the governance accountability framework, so objective 2.6 on page 128 of the ministry's '26-29 business plan. Municipal Affairs commits to enhancing municipal governance by finalizing a provincial councillor accountability framework that will clarify expected conduct for elected officials and senior staff, support respectful and accountable leadership, and ensure that municipal representatives can effectively carry out their responsibilities. This represents a notable shift towards more standardized expectations across municipalities and potentially a greater role for the province in setting the governance norms, particularly in response to the concerns around conduct, transparency, and public trust in local government.

I know I've experienced great municipal groups getting along and doing a great job, and I've experienced the other side of it as well. Can the minister provide details on what the proposed provincial councillor accountability framework would require of elected officials and senior municipal staff, including what standards of conduct will be established, how the compliance will be monitored, and what mechanisms, if any, will exist for enforcement or consequences in case of noncompliance?

Mr. Williams: Great. Thanks for the questions. It's something that this government has been promising, to return to a councillor accountability framework to replace the codes of conduct that were removed in Bill 50. Now, I'll tell you why they were removed, but first, I'll say that the province Alberta was the first province in the country to create codes of conduct of any variety under any name. It was in 2017. To the credit of the government of the day and the members opposite, it was a lamentable but needed piece in municipal government. I think we could all wish it was just civility,

pointed political conversation, substantive political debate – having been raised by good parents and the idea of your mother seeing you act inappropriately should be enough to keep someone in check from saying something inappropriate – but it’s a different world today. Happily, I see that at our level provincially when we do cross that line, the apologies are forthcoming, and that little bit of humble pie I’ve had to eat myself a number of times is good for keeping us in check.

Municipal councillors need tools as well. So in 2017 it was created, and I think that what we’re reintroducing now really should be seen as a continuity in that same spirit with some parameters and checks on it. Part of this will be standardized meeting rules that we can have across councils so there’s clarity in terms of, “What are the processes going forward?” where there are, you know, differences of opinion that cross from appropriate political engagement, admissible topics into inappropriate topics and conversations.

We’re also going to have an accountability piece that will have parameters on it, not different from what we saw before in principle. But the reason they were removed was because we saw the weaponization of the codes of conduct in the past. I know that word is thrown around a lot, but what I really mean when I say that is that they were doing politics by other means and continuing political debate and trying to accuse someone of something that was a code of conduct debate, and that’s inappropriate.

One of the traditions within Alberta provincial, municipal, and even federal politics is this incredibly lively conversation, freedom of debate, and having no political topic off bounds for us to debate. That is the way that our system functions. Freedom of expression is the oxygen our society breathes. It doesn’t function without that expression. And if it can’t happen in council chambers, then I think we’re sincerely limiting the place that we ought to have the most important municipal debates. What I don’t want to see is the limiting of legitimate political expression that can be unsavoury to some and unpopular to everyone but one member on council, but it is that member’s council’s ability to do it.

What you should expect is a continuity of the intent of the previous legislation, the ability for local councillors at a council level to rein in somebody who had an egregious and absolutely inappropriate action that was off bounds, that will be prescribed in legislation and regulation, but then the ability for a local council to be able to manage that in an appropriate way, to bring complaints and a legitimate independent but timely review mechanism as well so that there’s an independence to this if the individual who is aggrieved feels like it’s been unfair.

I can tell you anecdotally that councils are asking for it because the vast majority of councils say it’s an important tool. Often, just like in our Chamber where someone steps out of line, there’s an apology that is forthcoming. There’s a recognition that this has been a hot and heated conversation and I stepped past where I should have been, and having the councillor accountability framework is a part of what that is. Just its presence allows for a mechanism to bring people back to reality and to account.

But we will put parameters on it. The enforceability will be at a local level primarily, even done informally as it’s there as a set of rules that say: these are appropriate and inappropriate actions; it’s legitimate and not political but inappropriate conversation and speech to have. That will be a largely a local mechanism with the ability to appeal, et cetera, like we saw before. My hope is that it’s robust but with parameters around it so that that question of abuse isn’t happening.

I think that if you were behind the veil of ignorance and didn’t know whether you’d be subject or not to the code of conduct complaint or the councillor accountability complaint, you’d want

that, too. You’d want to know that your freedom of expression and your responsibility to represent your ratepayers, electors, and residents was not going to be impinged because the majority of council politically disagreed with you. I think that if you come to the creation of a code of conduct or councillor accountability through that framework, through this veil of ignorance of saying, “Before I am on one side or the other of a debate, if I didn’t know where I landed in a majority or minority, how would I want to structure it?” that has been the way that we’ve approached it.

11:40

Mr. Rowswell: What’s the timeline for implementation of the framework?

Mr. Williams: Are we out of time? Did I talk too long?

The Chair: No. You’re good. You just weren’t able to speak more than five minutes so he’s able to ask his question.

Mr. Rowswell: So the timeline for implementation. And how are you involving councillors and municipalities in this discussion?

Mr. Williams: We’ve had conversations with councils throughout this. I’ve met with councils to let them know where we’re going. I’ve heard a lot of feedback from councils and from associations saying that this is needed. Stay tuned; there’ll be more announcements on this soon. As we come through there’ll be a regulatory quality to this as well. Regulation is going to have a large part of it. That’s the appropriate place for a lot of the details to live. Structure in legislation, and then a lot of the nuts and bolts of the details of the policy should be in regulation so it can be adaptable to the circumstances as we go forward. That piece around regulation: we’ll be working and consulting closely with the associations, RMA and AB Munis, on that as they’re very intimately affected by it.

Mr. Rowswell: I’d like to switch now to tax ratio compliance. The ministry’s ’26 to ’29 business plan includes a performance measure, tracking compliance with the legislated 5 to 1 tax ratio, on page 127, which sets the maximum allowable difference between nonresidential and residential property tax rates in municipalities. The ratio is intended to promote fairness and economic competitiveness by ensuring that businesses are not disproportionately burdened compared to residential taxpayers. The plan also establishes targets to reduce the number of noncompliant municipalities over time, signalling a continued focus on improved adherence. However, achieving compliance can be challenging for municipalities balancing local revenue with economic considerations.

If the minister can outline specific actions the ministry has taken to ensure municipalities move towards compliance with the 5 to 1 tax ratio, including what guidance, tools, or incentives are being provided and how the ministry is working with municipalities that face structural challenges in meeting this requirement.

Mr. Williams: Okay. Great. I’ll be very short as I realize I went too long last time, and I’ll ask Assistant Deputy Minister Bayne to address it. There were 20 noncompliant in 2016; 2026 sees five that are noncompliant with it; in 2027 we predict three; in 2028 we have plans to have two. So we work with them. They have plans. It’s structurally difficult for some municipalities because of the nature of what their tax base is, so it’s not just a question of sort of, like, defiance or something like that. They understand it’s a law, they’re working towards that, and we work closely with them.

As far as the tools go: with the remaining 36 seconds, ADM Bayne.

Mr. Bayne: Thank you, Minister. Through the chair, there are essentially three categories of municipalities we deal with. There are some that occasionally go over the line of the ratio by accident because they don't necessarily appreciate how it applies to subclasses of tax, for example, so we work with them on an education basis. There are municipalities who continue to make progress, so we continue to sort of informally reinforce that over the years. Finally, there's a third category of municipalities that are significantly out of whack with the ratio. The minister issues a formal request to them to provide a plan to come back into compliance over a defined period of time, and the minister then approves that plan.

The Chair: Excellent. Thank you, members as well as Minister, for those questions.

Member Miyashiro. Minister and Member, back and forth or block time?

Mr. Williams: Block time is fine.

The Chair: Perfect.

Member Miyashiro: Thank you, Chair. Minister, you know, I appreciate your answers and your passion on the subject of my last block. I just want to ask you a couple of quick questions to catch up with on what I just asked. Is the department aware of any delays that the mandatory approval has caused? What's the average wait time for the province to approve an agreement? What is the longest wait time that the department knows of for ministerial approval that a municipality has had to wait for? Those are related to the last block.

I'm going to talk to you about something else in my remaining time. Local reporting has suggested that multiple energy companies are lobbying the government, including Municipal Affairs, for changes to how oil and gas companies' property is taxed by municipalities. Lobbying records have shown that Tourmaline Oil updated its registration, which includes meeting with government officials to promote competitiveness in how oil and gas companies are taxed municipally compared to similar projects across provincial borders. Enbridge also renewed its lobbying on municipal taxation and the competitiveness and fairness of nonresidential property tax, linear assessment, and property tax in Alberta. The *St. Albert Gazette* stated that a spokesperson for Alberta's Municipal Affairs minister said the province is updating its assessment practices to ensure the system is fair and consistent. Is the minister considering changing tax rates for oil and gas companies property? Has the minister or the department consulted with municipalities or municipal groups on this?

The minister mentioned earlier in response that the Minister of Treasury Board and Finance said how much the EPT has collected, and then the Minister of Municipal Affairs has to, like, deal with that in reality. Well, I guess I'm wondering: is the minister advocating at the cabinet table to keep provincial property taxes in check? For some context, the government of Alberta reduced how much property tax had to be paid on some energy infrastructure in 2019. That was a 35 per cent assessment reduction for shallow gas wells and associated pipelines. This measure, originally thought to be temporary for three years, cost RMA members over \$25.4 million in lost tax revenue between '21 and '23. Some counties reported that they had to deal with an individual \$4 million loss in total revenue. Does the department measure how much money municipalities have lost in total since 2019 from this one change?

Does the department assess the impact of all of their changes and decisions on municipalities' ability to generate revenues or on how much those decisions might cost municipalities in lost tax revenue?

Around last year's budget, the government formed a working group with the RMA to help address unpaid oil and gas property taxes with the goal of developing a property tax accountability strategy. The RMA, who are co-leading this, stated that the goal of the PTAS is to produce a joint report by the end of '25 with actionable recommendations and strategies to recover unpaid taxes, prevent legislative and regulatory loopholes that allow nonpayment, and restore a strong partnership between industry, rural municipalities, and government. 2025 is now over. Does the minister have an update for us on this report?

Lastly, in the government estimates on page 178 line 3.3, grants and education property tax is going up over \$1 million from \$7 million to just over \$8 million. The entire subtotal for municipal assessments and grants is going up from \$26.45 million to \$30.38 million. Can the minister explain what these increases are for? Do the increases have anything to do with the work created by the Provincial Priorities Act? Do the increases have anything to do with property tax increases made in this budget?

With my last bit of time thank you to the minister and thank you to your staff for being here today and providing answers to our questions.

Mr. Williams: Thank you very much, Member, for your questions and your indulgence on my passion in the last one. I'll quickly answer as best I can your three questions that were holdovers from that. Delays: we know of none. Wait times: we've heard no complaints from municipalities. That continues to flow in terms of projects being improved and continuing, and I also can't speak to the longest we've taken. Practically speaking, we've seen no meaningful consequence short of the one that we disallowed, which was previously mentioned.

Okay. On the piece surrounding the assessment model review and municipalities: this is a zero-sum game as I've mentioned before. There are only so many dollars that are accessible. Industry has an interest to remain competitive. We want to see the next dollar invested, whether it be telecommunications, oil and gas, agriculture, forestry, processing of any kind. We want to see the next dollar that every company in Canada is looking at investing in Alberta. Of course we do. We want it to be an attractive jurisdiction, so assessment and tax policy at a municipal level plays a part in that, but that's not the only consideration. Because it's zero sum, we also need to make sure municipalities maintain revenue so that they can offer those services. Industry are users of services in no small part, in a very substantial, meaningful way, the roads themselves in these rural municipalities, whatever it is that we're processing and moving and continuing to function. Providing that great investment climate for industry to come is viable, meaningfully strong municipalities.

11:50

We have this trade-off that we have to figure out, and that's where the AMR, the assessment model review, has come from. We have been working for a number of years with industry on exactly that. Our goal here is to find a spot where, as I said before, even though the resources, the dollars and cents, are zero sum, there is a growth and a net benefit to the entire system, the province as the assessor, and, to a degree in different roles, the regulator to the industry players and also to municipalities to drive clarity, equity, predictability, and fairness through the system. That is great for investment. That is great for municipalities.

My goal coming out of this is to make sure that municipalities continue to be able to deliver the services and that they feel like

they have wins in how this is happening. I want to make sure industry says that this is still a great jurisdiction to invest in, that those jobs that industry provides in our municipalities – that companies continue to invest so there are even more of those going forward. I know because of the nature of the assessment challenge and tax policy that industry and municipalities can sometimes be at odds with each other in one sense. Ultimately, they are partners. Ultimately, municipalities need industry on that landscape, and ultimately industry needs to have a service provider in that municipality providing those services and towns and recreation centres and main streets and, you know, plowed and graded roads for those employees to live and work and play in. I'd say that that relationship is shared even if sometimes it feels distant when you do the assessment model review group, and we're going through that. Ultimately, there's a fundamental understanding that there's a relationship there.

So stay tuned. More to come on that. I want to keep all major players on board with our next step in government. I don't want to rush towards an end where we don't have agreement in principle of where we're going, and that's what we're going to see in the next step of the process with the assessment model review. I appreciate the challenges you lay out, because they're all real.

When it comes to the property tax accountability strategy, stay tuned on that, too. Good news coming. Working with industry and municipalities on where we're going on that. Now that the group is coming to a conclusion of the work that it's done, I'll be sharing with members and the public in terms of where we're heading and going forward on that.

With the short time left, on your question on the line item I'm just going to ask my department to speak to the increase. I think it's largely to do with a staffing increase. Maybe I'll ask the SFO, Dan.

Mr. Balderston: Yes. Just quickly on that one, through the chair. Yes, you're right, Minister; \$2.3 million of the increase is the salary settlement that the deputy talked about earlier, and the remaining \$1.7 million is the assessment model review.

Mr. Williams: Well, thank you very much for your time today. Is this the end? Well, I'll say thank you. No. There's more? Okay. All right. Good. Well, thank you again for your questions.

The Chair: Excellent. Thank you so very much.

I believe Member Rowsell has the next block of questions. Our meeting will conclude in six minutes. Shared time, Member and Minister, or block time here?

Mr. Rowsell: Shared. Yep.

The Chair: Shared? Perfect.

Mr. Rowsell: Great. All right. I'd like to talk about municipal debt oversight and long-term viability. Minister, Alberta's government has emphasized fiscal responsible municipal governance under outcome 2 on page 128 of the business plan. As municipalities undertake major infrastructure projects, debt financing can be an appropriate and strategic tool. However, maintaining sustainable borrowing levels is essential to protecting future taxpayers and preserving long-term municipal viability. Clear oversight frameworks ensure that borrowing decisions remain responsible, transparent, and aligned with economic realities.

I've seen this in my constituency. The cost of building things is just mind-blowing. One of my towns: the engineer's report is saying that they might have to build a new swimming pool, and it's, like, \$50 million. It's just an unbelievable number, and that's their total debt that they're allowed to take on. You know, but you've got to

manage that, right? How does the ministry assess municipal debt levels and borrowing practices to ensure long-term fiscal sustainability across Alberta and the municipalities? Like, do we set the limit that they do? If you could just explain that.

Mr. Williams: Yeah. Good question. If there are technical details, I might turn to my assistant deputy minister to help.

We do set a debt limit for a municipality. It's a formula based on their population, based on their revenue, and the limits are there for good reason. As we all know, debt is just taxation delayed. There's not another form of collection other than you or someone down the line taxing more to recuperate that, so it needs to be prudent and smart. Municipalities should be very careful. As we saw with a question from Member Miyashiro that we had only a short time on, Gibbons is now in a very difficult spot surrounding exactly that. We set the limits. There are audited financials that need to be reported annually to the government so that we understand where their debt is at. Is it growing? Are they in the 5 to 1 tax ratio difference that you mentioned previously? All these things are reviewed through audited financials and submitted to our team.

Debt financing is an important part of how the entire world – heck, my mortgage: debt financing, right? The province of Alberta uses debt financing to finance much of our larger infrastructure. The Canadian Infrastructure Bank is largely a debt financing mechanism for large infrastructure pieces. There is no doubt that debt financing is a part of it. As supply chains have stretched, the cost of labour is continuing to increase. As inflation has increased, it's become harder and harder. To MLA Petrovic's point, you see more challenges surrounding complications with very complex building codes and regulatory responsibilities for zoning development at the municipal level. All this just adds to the cost of capital. The cost of capital is the cost of the project, right?

So debt financing is inevitably a part of how we do major projects, but largely we set a limit because municipalities have limited fiscal capacity, even large ones, when it comes to debt. Even Edmonton and Calgary, the largest municipalities in our province and, you know, six and seven, five and six in the country, they still have limits provincially, too, because we want to make sure that they're acting responsibly with that taxation delayed.

Mr. Rowsell: As I understand it, like, municipalities have been borrowing more money. They've been falling short given all the bills and the stuff that they have to cover. Is there a trend towards them getting close to their debt, and what additional guidance and oversight measures are you looking at?

Mr. Williams: I'll ask my assistant deputy minister to talk about whether they've been borrowing more. I think that's probably true, but it's not as a result of deficits. The municipalities can't run deficits in the way that they budget. They find out what their expenses are. That's the first step of the process. They have their assessment, whether it's designated industrial or it's residential and done by the municipality. They know the assessment value, and then they create the mill rates next to it.

This is the thing about municipal government. They always come up with the amount of money they need based on what they set their budget at. The time to have fiscal responsibility as a municipal government is done in the first step of figuring out: what is it that we're putting on the bill? What are we ordering at the restaurant? They're always going to come up with a revenue based on their mill rates to fund that, right? They don't operationally run deficits. Whatever the requisitions are and whatever their operating expenses are, they can go into debt for different projects, capital

expenses, et cetera, but operationally they don't do that, and there are limits around how that works.

Mr. Rowswell: All right. I've had a few small towns become hamlets and become part of the county or the MD, and when I talk to the county and the MDs, they'd just as soon not have that happen. You know, they'd rather not. One of them, I like this comment – they do share recreational facilities and fire and stuff like that. It's like the one MD reeve said: I'd rather support them because I don't want to manage them. I think that was a great comment on his part.

Mr. Williams: Well, I'll address in the short time we have left the giant – I mean, boy, did you hit a topic there on viability and sustainability of rural municipalities and small municipalities. It's been a huge challenge, one that this government is going to take seriously. It's in the mandate items that are received from the Premier, so we're going to do it in collaboration with municipalities. But as

Albertans it does us no good to bury our head in the sand and pretend like a lot of these small municipalities are viable. If they've been through viability reviews or, more often, returning back to it – and the tax base is just so small it's hard to do those big capital lifts that they need to for infrastructure upgrades.

The Chair: Well, I hesitate to interrupt, but I must advise that the time allotted for the consideration of the ministry's estimates has concluded. Thank you, Minister. Thank you every member for your questions.

I would also like to remind committee members that we are scheduled to meet tomorrow, March 11th, at 9 a.m. to consider the estimates of the Ministry of Indigenous Relations.

Thank you, everyone. The meeting is adjourned.

[The committee adjourned at 12 p.m.]

