



Legislative Assembly of Alberta

The 29th Legislature  
Third Session

Standing Committee  
on  
Public Accounts

Municipal Affairs

Tuesday, November 14, 2017  
8:30 a.m.

Transcript No. 29-3-14

**Legislative Assembly of Alberta  
The 29th Legislature  
Third Session**

**Standing Committee on Public Accounts**

Cyr, Scott J., Bonnyville-Cold Lake (UCP), Chair  
Dach, Lorne, Edmonton-McClung (NDP), Deputy Chair

Barnes, Drew, Cypress-Medicine Hat (UCP)  
Carson, Jonathon, Edmonton-Meadowlark (NDP)\*  
Fildebrandt, Derek Gerhard, Strathmore-Brooks (Ind)  
Fraser, Rick, Calgary-South East (Ind)  
Goehring, Nicole, Edmonton-Castle Downs (NDP)  
Gotfried, Richard, Calgary-Fish Creek (UCP)  
Littlewood, Jessica, Fort Saskatchewan-Vegreville (NDP)  
Luff, Robyn, Calgary-East (NDP)  
Malkinson, Brian, Calgary-Currie (NDP)  
Miller, Barb, Red Deer-South (NDP)  
Nielsen, Christian E., Edmonton-Decore (NDP)\*\*  
Panda, Prasad, Calgary-Foothills (UCP)  
Renaud, Marie F., St. Albert (NDP)  
Stier, Pat, Livingstone-Macleod (UCP)\*\*\*  
Turner, Dr. A. Robert, Edmonton-Whitemud (NDP)  
Westhead, Cameron, Banff-Cochrane (NDP)

\* substitution for Nicole Goehring

\*\* substitution for Cameron Westhead

\*\*\* substitution for Prasad Panda

**Also in Attendance**

Strankman, Rick, Drumheller-Stettler (UCP)

**Office of the Auditor General Participants**

Merwan Saher	Auditor General
Brad Ireland	Assistant Auditor General

**Support Staff**

Robert H. Reynolds, QC	Clerk
Shannon Dean	Law Clerk and Director of House Services
Trafton Koenig	Parliamentary Counsel
Stephanie LeBlanc	Parliamentary Counsel
Philip Massolin	Manager of Research and Committee Services
Sarah Amato	Research Officer
Nancy Robert	Research Officer
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

## **Standing Committee on Public Accounts**

### **Participants**

#### Ministry of Municipal Affairs

Dale Beesley, Assistant Deputy Minister, Public Safety

Brad Geddes, Executive Director, Recovery, Alberta Emergency Management Agency

Anthony Lemphers, Assistant Deputy Minister, Corporate Strategic Services

Scott Long, Executive Director, Provincial Operations, Alberta Emergency Management Agency

Brad Pickering, Deputy Minister

Gary Sandberg, Assistant Deputy Minister, Municipal Services and Legislation



8:30 a.m.

Tuesday, November 14, 2017

[Mr. Cyr in the chair]

**The Chair:** Good morning, everyone. I'd like to call this meeting of the Public Accounts Committee to order, and I'd like to welcome everyone in attendance.

My name is Scott Cyr, the MLA for Bonnyville-Cold Lake and chair of the Public Accounts Committee. I would like to ask the members, staff, and guests at the table to introduce themselves for the record, starting at my right.

**Mr. Dach:** Lorne Dach, MLA for Edmonton-McClung, deputy chair.

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

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

**Mr. Gotfried:** Richard Gotfried, MLA, Calgary-Fish Creek.

**Mr. Long:** Scott Long, executive director, operations, Alberta Emergency Management Agency.

**Mr. Lemphers:** Good morning. My name is Anthony Lemphers, Municipal Affairs, ADM, corporate services.

**Mr. Pickering:** Brad Pickering, deputy minister, Municipal Affairs.

**Mr. Sandberg:** Good morning. Just in time. Gary Sandberg, ADM of municipal services and legislation.

**Mr. Beesley:** Dale Beesley, public safety division, ADM, Municipal Affairs.

**Mr. Ireland:** Brad Ireland, office of the Auditor General.

**Mr. Saher:** Merwan Saher, Auditor General.

**Ms Miller:** Good morning. Barb Miller, MLA, Red Deer-South.

**Ms Luff:** Robyn Luff, MLA for Calgary-East.

**Ms Renaud:** Marie Renaud, St. Albert.

**Dr. Turner:** Bob Turner, Edmonton-Whitemud.

**Mr. Carson:** Good morning. Jon Carson, MLA, Edmonton-Meadowlark.

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

**Mr. Malkinson:** Brian Malkinson, the MLA for Calgary-Currie.

**Dr. Massolin:** Good morning. Philip Massolin, manager of research and committee services.

**Mrs. Sawchuk:** Good morning. Karen Sawchuk, committee clerk.

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

I would like to acknowledge that there are two members teleconferencing in. Mrs. Littlewood, can you announce yourself, please?

**Mrs. Littlewood:** Jessica Littlewood, MLA representing Fort Saskatchewan-Vegreville.

**Mr. Fildebrandt:** Derek Fildebrandt, Strathmore-Brooks.

**The Chair:** Okay. The following substitutions are noted for the record: Mr. Carson for Ms Goehring, Mr. Stier for Mr. Panda, Mr. Nielsen for Mr. Westhead.

A few housekeeping items before we go to the business at hand. The microphone consoles are operated by the *Hansard* staff, so there's no need to touch them. Committee proceedings are audio- and video streamed live on the Internet and recorded by *Hansard*. The audio- and video stream and transcripts of the meeting can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting.

We'll move on to the next item, approval of the agenda. Are there any changes or additions to the agenda? Seeing none, would a member like to move that the agenda of the November 14, 2017, meeting of the Standing Committee on Public Accounts be approved as distributed? Mr. Nielsen. Any further discussion on this motion? All in favour? Any opposed? On the phones? Thank you. The motion is carried.

We'll move on to the next item, which is approval of minutes. Do members have any amendments to the November 7, 2017, minutes? If not, would a member move that the minutes for the November 7, 2017, meeting of the Standing Committee on Public Accounts be approved as distributed? Ms Miller. Any discussion on the motion? Seeing none, all in favour? On the phone? Any opposed? Thank you. The motion is carried.

I'd like to welcome our guests who are here on behalf of the Ministry of Municipal Affairs to address the outstanding recommendations from the Auditor General as well as the ministry's annual report for 2016-2017. Members should have the research report prepared by research services, the Auditor General briefing document, as well as the status of the Auditor General recommendations document completed and submitted by the ministry. I invite the deputy minister to provide opening remarks not exceeding 10 minutes. Sir.

**Mr. Pickering:** Thank you, Mr. Chairman. I'm pleased to be here to present highlights from the Municipal Affairs annual report for 2016-2017 and to provide a status update on the three outstanding recommendations from the office of the Auditor General. I'll be pleased to take your questions after my comments.

I'd like to begin my remarks with a look back at some of the accomplishments of the ministry over the past year. As you know, Municipal Affairs covers a significant breadth and depth of work to support Albertans in communities they call home. This is reflected in our latest annual report.

In 2016, even as the ministry was heavily engaged in the response to the wildfires in the Wood Buffalo region, we delivered on key strategies in our business plan and continued servicing Albertans while carrying out day-to-day operations.

Foundational to our role in providing guidance and support to Alberta municipalities is setting out clear and effective rules of local governance. Over the past three years the ministry has been updating what is the second-largest piece of legislation in the province. We continued that work last year with the passage of Bill 21, the Modernized Municipal Government Act, and we have since followed up with another bill, An Act to Strengthen Municipal Government. Changes focused on improved governance and accountability, better tools to enhance municipal growth and planning, and a more fair and competitive tax and assessment system throughout all stages of our work to update this important legislation.

We conducted extensive engagement with the public and stakeholders. We provided both in-person sessions across the province and an online consultation. What we heard through this comprehensive engagement helped shape the regulations which followed. Altogether we reviewed about 45 regulations and amended or created about 30. Just recently we celebrated a major milestone with the proclamation of the MGA. These modern municipal laws will improve services and how communities work together on behalf of their citizens.

A key example of how the legislative framework is ushering in a new era of co-operation between municipal governments is the mandatory intermunicipal collaboration frameworks. Recognizing the importance of local work, we offer support for developing these frameworks through grants under the Alberta community partnership.

Whether it's fostering the dynamic needs of regions or our biggest cities, Municipal Affairs has been laying the foundation for municipal success. The city charters are another example of this. Last year the ministry made progress on the development of the city charters for the province's two largest cities, Edmonton and Calgary, home to approximately two-thirds of the province's population. Addressing growth pressures and opportunities unique to these two municipalities is critical to the well-being of the province. We're looking forward to empowering them with additional flexibility and tools to manage local matters.

Stakeholders and the public were engaged on policy proposals in October 2016, and that feedback was captured in a what-we-heard report released in August 2017. At the same time a new charter regulation was posted for public comment, the focus of which is new ways to address climate change, affordable housing, and managing municipal tickets. This work is very much about practical changes to support the ability to provide services and attract investment. The province and the cities also agreed on the scope of further work towards a new fiscal framework for these two cities. Development of a new fiscal framework continues with our government colleagues in Treasury Board and Finance.

In addition to fostering effective local government, quality of life for Alberta families also depends on an environment that is safe. This is where the important work of our public safety division comes into play. I'll share two particular achievements in that area. Last year the Alberta Safety Codes Authority, which is part of the Safety Codes Council, became responsible for overseeing safety codes compliance monitoring in all unaccredited municipalities. What this means for Albertans is that no matter where they are in the province, they will benefit from a consistent high standard of safety oversight of their homes and other structures. Albertans can be assured that someone is checking that structures comply with the Safety Codes Act. This also benefits the construction industry, which depends on timely project inspection and appreciates standardized permit fees.

Last fiscal the ministry also began work to develop and build their licensing program, which also contributes to the end goal of public safety. We now have the New Home Buyer Protection Act and warranty program in place, which help address consumer concerns and provide recourse when problems arise. Licensing builders is about preventing issues before they occur. We conducted stakeholder engagements to help us determine the appropriate scope of the builder licensing program. Two components of the program will include requiring builders to hold an active licence and providing consumers with critical information about licensed builders so they can make a more informed decision. We look forward to that legislation and related regulations coming into force December 1.

The safety of Albertans and their communities is also the focus of the Alberta Emergency Management Agency, or AEMA. As noted earlier, the wildfires in the regional municipality of Wood Buffalo were a particular challenge in 2016-17. The fires had a huge impact on the lives of all those who lived and worked in the region. However, while we witnessed the devastating toll that wildfires can take on anything in their path, we also witnessed the strength of Albertans. Both in informal and formal ways Albertans came together to deal with one of the most significant disasters the province has experienced.

#### **8:40**

Our emergency management role. Municipal Affairs led the provincial response and recovery, marshalling resources across the ministry. This included the deployment of staff to the Provincial Operations Centre, or POC, as it's known. Throughout the emergency response and re-entry phase the POC was at the highest level possible, which requires representation from all government ministries. At the helm of that co-ordinated effort was AEMA, and for nearly five weeks the POC operated at level 4, which is our highest response level.

Even though it was one of the most significant disasters in Alberta history, our collective efforts as a province helped evacuate more than 88,000 people and ensured temporary accommodations and other necessities were available. As a government we also recognized that extraordinary supports would be needed to help return residents in the communities with the recovery. The Premier created a task force to co-ordinate provincial recovery activities and make quick decisions in support of the Wood Buffalo region's recovery.

As with any provincial disaster our ministry has a key role in creating a disaster recovery program specific to that incident. The DRP has been part of the five pillars of recovery: people, economy, reconstruction, environment, and mitigation. I would be remiss if I didn't mention that for its work in co-ordinating and supporting the response to the 2016 Wood Buffalo wildfire, the AEMA and the government of Alberta were recognized nationally. We received the prestigious national award for public-sector leadership from the Institute of Public Administration of Canada.

These ministry accomplishments which I have just covered are only a few highlights from our annual report that convey the scope of our responsibilities, actions taken, and direction we continue to work towards. That said, I want to touch on some of the very high-priority work carried out by AEMA because this activity relates to our response to the outstanding recommendations from the Auditor General. I want to share it within that context. There are three outstanding recommendations, all of which we have accepted and have been working diligently to implement.

We were advised in October 2015 to develop and implement an improved method for updating and supporting the estimated disaster recovery program liability. That is the estimated future costs of completing any particular disaster recovery program. This identified risk stems mainly from the 2013 southern Alberta flood DRP. By transitioning DRP administration to within the ministry from an outsourced provider and establishing a specialized accounting team, we have taken significant steps to address the risk gap.

Other actions that have been – we have formalized in a procedure manual a standardized methodology to estimate liability, collecting information from municipalities throughout the year, enhancing internal procedures to improve claim submission to the federal disaster assistance program, and identifying possible cost escalations and contingencies.

Another outstanding recommendation is from the February 2016 Auditor General report, which centres on effectively implementing the transition of DRP administration, as described earlier. That was from an outsourcer internally within the department. Steps were taken to bring that work in-house. We're establishing an internal project management office, obtaining skilled project managers, and putting in place a DRP executive board that provides oversight and co-ordination with a strong link to the ministry's executive team.

With this in place, we've now successfully completed seven of the 11 transition priority projects. The remaining four projects are scheduled to close in accordance with program guidelines, and the information technology program will conclude by April.

The third recommendation we are progressing on relates to flood mitigation, identified in the AG's March 2015 report. To minimize public safety risk and avoid unnecessary expense of public money, the government, through Environment and Parks, is updating the mapping of designated flood hazard areas. We plan to outline land-use and development restrictions through regulation. The draft regulation has been developed for government consideration.

In conclusion, I'm proud to acknowledge that in all our roles, responsibilities, and programs Municipal Affairs is committed to making the lives of Albertans better. Thank you for your time today, and we're happy to answer questions. [A timer sounded]

**The Chair:** That's quite remarkable. Thank you for your presentation.

I'd like to turn it over – oh. Sorry. We have a member, if they would be willing to announce themselves, Mr. Strankman, for the record.

**Mr. Strankman:** Thank you. Good morning. It's Rick Strankman, MLA, Drumheller-Stettler.

**The Chair:** Thank you, Mr. Strankman.

I'll turn it over to the Auditor General for his comments. Mr. Saher, you have five minutes.

**Mr. Saher:** Thank you, Mr. Chairman. I was worried that the deputy minister might not reach the particular recommendation that I want to read into the record, but he did. Nevertheless, I will read it into the record because I think it's a particularly important outstanding recommendation. It's the longest outstanding recommendation to the department. In fact, it's a recommendation to two departments, and as the deputy minister said, it's from our March 2015 annual report. It's recommendation 12, and it can be found on page 80. I'd like to just read it to you in full. The recommendation reads:

To minimize public safety risk and to avoid unnecessary expenditure of public money, [the office of the Auditor General recommends] that the:

- Department of Environment [and Parks] identify flood hazard areas for designation by the minister [and that the]
- Department of Municipal Affairs:
  - establish processes for controlling, regulating or prohibiting future land use or development to control risk in designated flood hazard areas [and]
  - put in place processes to enforce the regulatory requirements.

The deputy minister has told you that the department has prepared draft regulations, and those regulations have been submitted to government for consideration.

Thank you.

**The Chair:** Thank you, Mr. Saher.

We will now follow our usual time allotment format, which is for an hour-and-a-half meeting and for the questions of the committee

members. The first rotation will be 10 minutes each for the Official Opposition and the government members. The second rotation will be an additional 10 minutes each for the Official Opposition and the government members, followed by five minutes for independent committee members. The final rotation is five minutes for any Alberta Party, Liberal, PC, or independent member in attendance wishing to participate. Any time remaining will rotate equally amongst the Official Opposition and the government members, with the final few minutes designated for any outstanding questions to be read into the record and to consider any other business which may be brought forward. We ask that officials at the table as well as those seated in the gallery provide their names before responding to questions. This is for the benefit of those listening online and for those that are on the telephones and for the *Hansard* recording.

I will now open the floor for questions from members. Mr. Stier.

**Mr. Stier:** Thank you, Mr. Chair. Good morning, everyone, and good morning to the folks from Municipal Affairs. Good to see a lot of familiar faces, as always. And, gentlemen, it's great to see you.

I'd like to start today with something that's dear and near to my heart as a previous municipal councillor and a guy that's been working in this business for probably over 20 years, and that's with our good old familiar friend MSI, or municipal sustainability initiative. In the annual report from the ministry strategy 1.5 was titled: "Provide funding to municipalities to help them meet their strategic long-term infrastructure needs."

As most of us in this room know – but this is for the benefit of those that may be listening or reading this later – this program started many years ago and was, you know, very much appreciated by municipalities. But it did have a deadline in it. It expired, actually, in this year, and it has been extended for a couple of years. The department has said that they will have a new program in a couple of years, I understand. It's been something I've asked about in the House several times. It's coming again, the deadline. The key questions, I guess, would be: are you currently on target to meet this new deadline, and secondly, what would be the very key changes? I'm not looking for an elongated, long, long-winded answer, but would there be some key changes when that deadline to the new program is reached, please?

**Mr. Pickering:** Yes. I'll answer it this way. It's not my position to speak on decisions still to be made by the Treasury Board about next year's sort of budget and the coming years out. I can tell you that we are committed to supporting strong communities with infrastructure and services that help deliver a high quality of life for Albertans. Our support extends to helping municipalities with regional collaboration and capacity building, which makes communities in the province stronger.

**8:50**

As you're aware, the program was introduced in 2007. We've advanced almost \$8.4 billion in MSI funding, and that's resulted in roughly 7,200 projects. Our budget in '16-17 was around \$1.2 billion, which was made up of \$846 million in MSI capital, \$30 million in MSI operating, and \$335 million in the basic municipal transportation grant, which was rolled into the MSI.

That's kind of the overview.

**Mr. Stier:** Okay. Thank you.

Just to my question that I posed at the end, Mr. Pickering, the basis of the formula has been population, calculation of roads, and other foreseeable things. Do you see any structural changes? You've been working on this for a while now. I'm just wondering if there are any key items there that you can highlight that might be significant, please.

**Mr. Pickering:** Yeah. At this point we've looked at a number of different things and have not landed on anything.

**Mr. Stier:** Okay. All right.

I'd like to move on, then. There's been a lot of latitude in the autonomy of how municipalities spend their money. I'm just wondering: does your department still review all these projects? Do you intend to still review them before money is provided for this type of funding, or is it kind of an open book?

**Mr. Pickering:** It is designed as a conditional grant program, the condition being that it has to be used, the majority of it anyway, other than the \$30 million in operating cost, for capital. There are some very broad criteria that municipalities have to meet. Their submission to us is done online, electronically. Their applications are reviewed to make sure they're within the criteria of the grant guidelines, and then approval is granted. So while it's a conditional grant program, there is a submission. They're required to indicate the type of project that they're proposing to utilize the money for. The criteria are not that onerous, so it does allow a tremendous amount of local autonomy to determine their priorities.

**Mr. Stier:** Correct. Then one has to wonder, I would say, Deputy Minister: if the money is given out in that manner and they've made the application, is there a review of the outcome? Secondly and most importantly, are there any performance measures you've put in to measure how this is being carried out, and are they getting the desired outcomes to the satisfaction of the department, therefore?

**Mr. Pickering:** There was a review of our grant programs a few years back. There are some broad outcomes that, you know, we look at attaching that money to. We are trying to, I think, hit that delicate balance of communities' priorities versus sort of provincial oversight. In some of the programs we are looking at investigating sort of asset management type systems to determine the conditions of grants. Our folks in the department have been sort of reviewing that. It is something we are starting to see on some of the federal programs that we administer, the federal gas tax, so we are sort of moving in that direction.

**Mr. Stier:** Okay. With that type of review that has been done so far, have there been some concerns on allocation of projects that, more or less, may not have been the original intent? Any kinds of problems with municipalities? I've had several municipalities over the years, I know, being referenced in some of the articles and so on and so forth, where some things didn't necessarily come out as planned. Have you identified specific situations that could be better addressed with a better performance measuring tool within your department?

**Mr. Pickering:** Not that I'm aware of.

**Mr. Sandberg:** It's been a few years since I was directly involved in this, but I can indicate that we've had very little experience with municipalities misusing the funds, for lack of a better term. Part of the issue, as Brad has said, is that we've tried to create as much space as possible for municipalities to determine their own priorities. We haven't tried to insert ourselves into the discussion about what kind of capital infrastructure should be developed but left that to the local council. I don't believe that we've had any significant cases where councils have misused the funds. It's always an open debate within a community about what the prioritization might be, but that would be the limit of it, to my knowledge.

**Mr. Stier:** Okay. Thank you.

More along a different line but on the same topic of the MSI, municipalities every year at the various conventions have mentioned the MSI as being a key concern, and, you know, they are concerned because they have to do three- and five-year financial plans and so on and so forth. I'm just wondering what you're hearing from municipalities. What key items do you think you might make in the new program as a result of feedback you're getting? We've seen resolutions come forward at these conventions and so on and so forth. Are you acting on those resolutions and looking at changes in the new program as a result?

**Mr. Pickering:** I mean, the general sort of feedback we get on the program is that there's never enough money, the issue around predictability and sustainability. With respect to the three- and, more particularly, the five-year capital plan, it is in relation to the five-year capital plan and not knowing the out-years with respect to the MSI. You know, we have had discussions with the association on that.

Budgetings are estimates, and the rationale behind sort of three- and five-year budget planning from a capital and operational perspective is for municipalities to ensure that they have sight on the long view, as we do in government – sometimes capital projects drive your operating costs – and to make sure that those sorts of things are planned out in a very sort of logical fashion. Budgets are estimates and, you know, subject to review on sort of an annual basis. I think it's the methodology of ensuring that that's done. Our larger municipalities do do sort of three- and five-year budgets, so it's making sure that all communities have those fiscal interests at heart.

**Mr. Stier:** Okay. Thank you.

Moving forward on another line that's fairly important to most municipalities, your key strategy 1.3 in your annual report talks about: "work with municipalities and other stakeholders to revise the regulations." [Mr. Stier's speaking time expired] I guess I'll have to yield my time to later on.

Thank you.

**The Chair:** Thank you, Mr. Stier.

Mr. Carson.

**Mr. Carson:** Thank you, Mr. Chair, and thank you, all, for being here this morning. My first question is in regard to the New Home Buyer Protection Act. This policy is something that's come up a lot in my office and through my conversations in the community, and it's been very positive. On page 44 of your annual report it discusses the enhanced builder information program, that was implemented preceding the passing of builder licensing to protect the residents of Fort McMurray from unscrupulous builders taking advantage of families trying to rebuild. I'm just wondering if this new licensing process has set a standard where these concerns and these worries, that come up often when we look at natural disasters, have been alleviated or if there is still movement that needs to be made.

**Mr. Beesley:** The enhanced builder information program provided homeowners with information on builders in the market to help them establish building permits, to help them determine and make informed decisions. Builder licensing builds upon this by allowing the government to refuse, suspend, or issue a temporary licence, which will protect consumers from being exposed to any builders. While it is important to have these measures in place after natural disasters occur, it is equally important to have them in place for all Albertans.

**Mr. Carson:** Thank you.

Okay. Just looking at the same program, did the ministry incur any additional costs from the implementation of this? It rolls out in December, obviously, but any additional costs that you foresee into the future?

**Mr. Beesley:** The program is cost recovery. However, expenditures related to the development of IT were required to be done before any licensing fees were given to builders, so the cost for the IT system will be recovered as IT stuff materializes. That said, the ministry did make a decision to build the builder licensing IT requirements into the new-home buyer protection IT system to reduce any new expenditures. The expenditures are \$600 for a first, initial licence and \$500 annually after that.

9:00

**Mr. Carson:** Okay. Just one final question before I pass it off to my colleague. The mandatory home warranty program does not necessarily seem to go far enough when we look at builders that are getting themselves into financial trouble, defaulting on their loans and such, such as ReidBuilt, as an example. I'm just wondering if there's anything more being done to ensure consumers aren't being hit with an issue like that.

**Mr. Beesley:** In the case of ReidBuilt Homes the government can't go as far to prevent bankruptcies. For ReidBuilt Homes, for example, if they were to apply for a provisional licence December 1 or a full licence May 1, depending on the solvency and their financial position, they may be issued a provisional licence subject to some terms and conditions being fulfilled or denied a licence. That conditional licence could include completing the homes that are already under construction, for example.

**Mr. Carson:** Okay. Thank you.

**The Chair:** Okay. I just want to remind members that we're not to ask about costs in the future. This is about costs in the past. I let that one go through, but if we could be more cautious in that area.

Ms Luff.

**Ms Luff:** Thanks. I just have a few questions with regard to the DRP, which you touched a little bit on in your introductory remarks, but you went so fast, so maybe we can just dig into it a little bit more. In the Auditor General's report under the outstanding recommendations on page 109 the Auditor General recommends improving the systems for updating and supporting the estimated disaster recovery liability. The recommendation continues to propose obtaining skilled managers and project oversight in that transition, that you talked about from being sort of out-of-house to being in-house. I'm just wondering if you could speak again to this recommendation and how it's been implemented and what the timelines are looking like for that.

**Mr. Pickering:** I'll maybe start and then ask Scott to supplement. The ministry is working on a formal procedures manual that will document our standard methodology to update the estimated disaster recovery program liability, which includes and is not limited to collection of information on DRP, progress throughout the year from municipalities – they are sort of the largest component of a DRP program – enhanced internal procedures to ensure appropriate documentation is available for the estimated DRP liability, submission to the federal government for our disaster financial assistance arrangements, and identification of DRP contingencies and possible cost escalations as those sort of programs go forward. We are looking for sign-off and approvals of

liabilities and contingencies by senior management, including in government departments. We do fund with the Department of Transportation and others as these types of events occur. We do anticipate having this all in place by March 31 of next year. I was going to say this year, but of 2018.

Scott, anything else?

**Mr. Long:** The only thing I'd add to that as well is that the other component to that is the educational piece and the working with the community. We've done an awful lot of work with regional field co-ordinators and our regional field officers to really ensure that the communities that are involved in these tragic incidents when they occur have as quickly as possible the information to fill out the applications and to touch base with IBC, their insurance piece. I think we've done a much better job of that as well because that will ultimately lead to a better estimate. I'll defer to Brad Geddes, the ED of the recovery program, if there's anything else we may have missed.

**Ms Luff:** Thanks.

**The Chair:** I'd just like to remind our guests to announce their name before speaking. Thank you.

Please proceed, Ms Luff.

**Ms Luff:** For sure. Maybe following up on that a little bit, you know, you covered what's going on with the DRP in terms of directly how people deal with things after a disaster, but I know that certainly in certain places in southern Alberta and Calgary, High River there were a lot of ongoing mental health effects that happened postdisaster. I know that we've done some really outstanding work around that area, so I'm just curious how AEMA is working within its department along with other ministries to address the need for continued mental health support postdisaster.

**Mr. Pickering:** I'll maybe ask Scott to address that.

**Mr. Long:** Absolutely right. We've been working very, very closely with the communities and with our internal ministry partners, Alberta Health, AHS, et cetera as well as NGOs, specifically Canadian Red Cross, as well as other professional first responder associations across the province, who are also, you know, experiencing OSI, operational stress injuries. The federal government provides six months' worth of funding. We are well aware that that's not enough. With AH and AHS we continue to work with the community, specifically RMWB but as well with High River on the south Alberta floods. We know that these are long-term effects. A part of this, again, goes to, in my mind, the resiliency of the communities and the preparedness of the communities, so it'll mitigate these effects. But to answer your question specifically, we're still very actively engaged with the communities. Sorry, Mr. Chair. It's Scott Long from AEMA operations. We are actively involved with the communities and NGO partners and other organizations, and that will continue for the foreseeable future.

**Ms Luff:** Thanks. I participate on the Pacific NorthWest Economic Region, and we've had folks from Calgary out. Calgary is seen as a bit of a leader in terms of disaster recovery and resilience, so it's been good to see folks from Calgary, you know, talking about these issues and how their work in connection with you guys is really region leading in a lot of ways. But this is going to continue to be an issue in terms of increased climate change. There's a growing trend of large-scale natural disasters. On page 64 of your report you note that it's a certain strategic risk that is associated with the

possibility of increased disasters on a large scale, and it says that if there were to be a couple of these back to back, or in a row, the capacity of the government might deteriorate. It says that the risks are being “managed to an acceptable level.” I’m wondering if you could touch on that, how we’re preparing going forward if we’re going to be looking . . .

**The Chair:** Thank you, Ms Luff.  
Mr. Barnes.

**Mr. Barnes:** Thank you, Mr. Chair, and thank you all for being here today and your work on behalf of Albertans. I’d like to talk about your department’s outcome 3, that being that “Albertans have an enhanced ability to prepare for, respond to, and recover from emergencies and disasters.” Your page 46 states that “Disaster Recovery Programs are grant programs that financially assist Albertans with their recovery from uninsurable losses or damages resulting from a disaster.” AEMA’s assistance and recovery support website also states that in order to be eligible for DRP funding, a disaster must meet three criteria, those criteria being:

- The event is considered extraordinary.
- Insurance is not reasonably or readily available.
- There is evidence that the event is wide spread.

My first question is: what is considered reasonable insurance?

**Mr. Pickering:** I’ll maybe defer to Scott.

**Mr. Long:** I will have to defer to the expert on the program, which is Brad Geddes.

**Mr. Geddes:** Good morning, Brad Geddes. The definition of readily and reasonably available: there are two elements that we work with. First off, we work with the Insurance Bureau of Canada to assess what is already in or outside of legislation. For example, automobile insurance in Alberta is mandatory, so that’d be a clear example of where it’d be readily and reasonably available given that there is regulation of rates. With regard to home insurance what we do is that we survey the marketplace to assess the coverage that is available. At this time, for example, overland flood insurance: although more companies are selling it, there’s not clear evidence that it’s readily and reasonably available in the province.

**9:10**

With regard to agricultural producers at this time the Insurance Bureau of Canada has demonstrated to us that policies are being sold for farm machinery and equipment and buildings, but we are looking for additional evidence of whether or not livestock insurance is affordable and available, and we’re looking at fencing and those outbuilding-type materials. They owe us a response on that, and I will be following up with them.

**Mr. Barnes:** Okay. Thank you very much.

If insurance was affordable and available but it was not widely purchased, would it be considered unreasonable to expect the average Albertan to have that particular insurance product?

**Mr. Geddes:** Thank you. That’s a great question. There are two parts of it. One is: is the marketplace offering it? So if you go to your local broker, which tends to represent two to three companies, or you go to a second broker now for two or three, what we would look for is: did that person actively seek out insurance? So if they’ve shopped their local marketplace and they can demonstrate efforts to buy insurance, that would definitely impact the decision about availability. There are parts of the province – for example, when we come to hail insurance – where it’s more difficult to get hail insurance than other parts. So that is taken into consideration.

It is more than the department that provides advice, though, to the minister. There’s the disaster recovery committee, that has a team of experts of hydrologists, environmentalists. We consult with the superintendent of insurance to gather the input on whether or not the cause of the damage was extraordinary, whether it was widespread, and also to answer the question regarding insurance. Based on those three elements, we then make a recommendation to the minister and then therefore to cabinet and Treasury Board for funding.

Did that answer your questions?

**Mr. Barnes:** It did. Thank you.

**Mr. Geddes:** Okay.

**Mr. Barnes:** Does a grass wildfire event meet the criteria to be considered for the DRP?

**Mr. Geddes:** A grass wildfire has a couple of different components, so I’ll split them out between fire suppression costs, emergency operation centres, and then the impacts to the individuals. I’ll answer those three, and if you need more details, please let me know.

**Mr. Barnes:** Okay.

**Mr. Geddes:** Emergency operation costs are expected to be covered by the municipality within their tax base and the support that they have. However, if it’s beyond the capacity of the community, if it’s going to make them potentially financially unstable or unviable, that’s one of the points where we would consider it being extraordinary.

The second point regarding fire suppression costs: it’s not a simple answer, but I’ll do my best to clarify. If the fire starts in the forest protection area or outside of the province, those costs would be first borne by Agriculture and Forestry, and then if it started outside the province, for example, the Kenow fire, all attempts would be made to bill the costs back to British Columbia. If the fire starts outside of the forest protection area, in the agriculture area, the municipality is responsible for the costs. So we have a particular program for that called the municipal wildfire assistance program, which means that because the fire suppression costs could be substantial, 75 per cent of the costs could possibly be covered by the program. That would be, again, a request to Treasury Board and cabinet to spend out of the contingency fund.

**Mr. Barnes:** Okay. Thank you.

Has the DRP ever paid to a farmer or rancher or to a farming and ranching region for agriculture-related losses?

**Mr. Geddes:** For flooding events that’s been the primary area we have provided funding. There have been some rare circumstances regarding substantial wind events – for example, Pine Lake and the 1987 tornado – where there was funding to agriculture producers. So it is a very rare occurrence. Again, it depends on the availability of insurance at the time.

**Mr. Barnes:** Okay. Thank you.

I want to switch gears a bit to the terrible Fort McMurray fire.

**Mr. Geddes:** Okay.

**Mr. Barnes:** How much DRP funding has been paid out for the Fort McMurray wildfire?

**Mr. Geddes:** I will just get my notes. One moment.

**Mr. Barnes:** Okay. While you're checking that, please, the supplemental question would be: how much would have gone to individuals versus companies?

**Mr. Geddes:** I'll answer the second question first because it's off the top of my head. First off, fire insurance is readily and reasonably available, so funding directly for individuals would not have come from the disaster recovery program. There is one exclusion, individuals' homes which were damaged by fire protection efforts. For example, in parts of the community a firebreak was required to be created where garages were demolished or destroyed. Those would be claims through the municipality because municipalities are responsible for firefighting efforts at that time. The municipality will then bill the province for those costs, and that'll be included. So that would be an indirect support that we'd provide the municipality when the municipality is providing support to individuals.

With regard to direct payments to individuals the closest would be support through the Red Cross, which I believe is approximately \$30 million out of the total funding of the Red Cross. That payment has been fully made to the Red Cross, and that contract has been concluded.

Meanwhile, I'll just look up the notes here on the rest of the spending.

**Mr. Long:** For some specifics there I can say that the estimated cost was \$712 million. The estimated revenue, DFAA eligibility for that, is anticipated to be \$495 million. The net cost, then, to the GOA, the province's cost, if you will, is \$217 million. So far we have paid out \$148.7 million to the RMWB. The majority of those costs would be EOC related, response-related costs, FireSmart program, security and fencing, temporary housing, landfill and other environmental costs. There is additionally \$193 million in estimated projects from the municipality, and through the DRP program we are waiting for the documentation to come just so we can either substantiate the eligibility for those or the requirement for those costs.

**Mr. Geddes:** Thank you, Scott.

Those were the same numbers that I was going to refer to.

**Mr. Barnes:** Okay. Thank you.

Lessons learned: what lessons has your department learned from the fire in Wood Buffalo that can, first of all, lessen the impact of future disasters on families, on mental health, and on property damage?

**Mr. Geddes:** I'll defer to Mr. Scott Long, and then if there are any supplementals, I'll answer.

**Mr. Long:** I will say that there were two postincident assessments that were done as a result of the RMWB wildfire, one from MNP, specific to Agriculture and Forestry for the wildfire response itself, and I will talk to the report that was done by KPMG: 21 recommendations, 31 total, but 21 recommendations which were all accepted by the government. Of those recommendations 18 of them are currently under way, two completed. We have done postincident assessments by a third party after every major event. We are very much a learning organization, and we make sure that our communities learn through those postincident assessments as well.

Some of the things that we are currently working on in conjunction with communities are the evacuation framework, the re-entry guidelines that we all developed to get Albertans safely out and to get Albertans safely back into the regional municipality of

Wood Buffalo. There are also a number of other recommendations ongoing like resource tracking, which are relevant to the Provincial Operations Centre. All that is to say that we hope to have the majority of those recommendations completed by 2019, and we are using the emergency management exercise 18, which is slated for the end of February, early March, in conjunction with communities as a proving ground.

**The Chair:** Thank you, Mr. Long.  
Ms Luff.

**Ms Luff:** Yeah. Thank you, Mr. Chair. If I could just perhaps finish asking the question that I was asking before, basically around disaster preparedness. It's a risk identified on page 64, that there's a growing trend of, you know, more large-scale natural disasters happening, and it just notes that if two were to happen in close succession, there might be some difficulties handling that. I'm just curious. It says that you're managing it adequately. What does adequate management look like, and, I guess, are we prepared to handle a couple of these disasters happening back to back?

**Mr. Pickering:** Mr. Chairman, I'll start and then defer to Scott. Alberta has been, as you're aware, impacted by large and significant floods, fires, interface sort of fires, and hail events in the last decade. These losses are amongst the largest in Canadian history when insured and uninsured, our DRP program, are finally tallied. However, the number of annual DRP requests remains the same, so we have extraordinary events, but each and every year we do have applications made to us for disaster recovery assistance. You know, there are regional events throughout the province.

9:20

Since the reduction of federal support for the smaller events it means that the province is carrying a greater share for small and medium-sized disasters. Our claim to the federal government has to be in excess of \$12 million before we can make any claims to the federal government, so the net impact of each smaller event is that it costs the provincial treasury and community financial reserves more than it has in the past.

Scott, anything to add to that?

**Mr. Long:** I will say as well that we've adopted a regional approach, and we're working closely with all the communities on that regional approach to provide depth to response because we are well aware that some communities have considerably more resources and depth of response than others. We've really adopted and promoted over the last few years a lesson learned from the south Alberta floods, a regional approach to emergency management, everything from MOUs for resource sharing, which we actually saw recently with communities sharing fire suppression assets from one community to another, regional partnering.

We've invested a lot of energy and co-operation and collaboration with Canada Task Force 2, which is a type 2 team based out of Calgary. We've implemented a type 2 team in the north. Type 2 teams bring an awful lot of expertise and experience to emergency management. They were designed to go in and augment the community response under the community leadership. We used them quite successfully during RMWB.

Further, we are now in the process, as a result of a lesson learned from Fort McMurray, of implementing all hazard incident management teams at the regional level, giving the region itself the responsibility to establish their own regional team and be those first responders, if you will, in their specific region. We're doing that in full collaboration with all the regions. We've got two done, and we're working on the other two regions. The intent is to have one

in the northeast, northwest, central, and the southwest and southeast of the province. That is the aspiration, and that's what we're working towards. That will give us more depth of response to mitigate the after-effects.

Of course, there's also all of the education that goes into the preparedness, field officers out with the communities, online training. We've really done an awful lot on incident management training online and, of course, assisting the communities with their emergency management exercises. Preparedness and mitigation will certainly help in response and mitigating the impacts of response.

As the deputy minister said, even though this was a quiet year, we had multiple incidents. We always have multiple incidents. The ones that generally hit the press are the ones that are extraordinary and widespread.

**Ms Luff:** For sure. Thanks.

I'll hand it over to my colleague Dr. Turner.

**The Chair:** Please, Dr. Turner.

**Dr. Turner:** Thank you, and thank you to those attending. It's been a very interesting morning already. I basically want to build on what we've just been talking about in terms of the disaster relief fund or disaster preparedness. One of the aspects of disaster preparedness, in my opinion, is making sure that we look at the causes of some of these disasters like the floods and the fires. In my opinion – and there's a lot of scientific evidence to support this – climate change is the main culprit in the many disasters we've been seeing. I think it's very important that we actually work on dealing with greenhouse gas emissions, et cetera.

My questions actually arise from the outcome 1, which is in your annual report, that you're going to “work with municipalities and metropolitan regions to strengthen regional planning and service delivery and to promote the optimization of resources and responsible decision-making in the best interests of all Albertans.” You know, key strategy 1.3 is to “revise the regulations associated with the MGA to ensure governance, planning, and assessment and taxation policies align with the modernized MGA.” The MGA has made changes to identified municipal purposes to include fostering environmental well-being. This aligns the municipalities with the province's climate leadership plan and enables them to take further steps. Could the ministry explain what steps this new purpose will allow municipalities to implement?

I'll just give you a couple of examples that I'm aware of. For instance, building codes could be changed to promote building methods that are more environmentally sound, and then there are alternative energy plans such as the geothermal plans in Hinton and the municipal solar efforts like Leduc and Camrose have done. Could you expand on that for me, please?

**Mr. Pickering:** Sure. I'll start, and I may have Gary and/or Dale sort of supplement it. The changes you mentioned in the MGA to municipal purpose enable a municipality to consider environment as part of any decision they make. Many municipalities are already doing this, but some of them told us they weren't certain whether the MGA provided clear authority in this area. This provision makes it very clear that municipalities should be considering the environmental implications of their decisions. At the same time, the act is very clear that municipalities cannot make decisions that are inconsistent with provincial legislation. How municipalities might utilize that clarified authority includes things like anti-idling bylaws, improved recycling programs, or even different approaches to land-use planning. That said, it's up to municipalities to consider

how best to incorporate environmental stewardship into their decisions.

Gary, I don't know if there's anything you want to supplement on that.

**Mr. Sandberg:** I'll just add a couple of thoughts. You referenced one of them already. Outside of what Brad has mentioned on environmental purposes, there are a couple of other areas that we are trying to give municipalities some added tools to address sort of environmental and climate change issues. One is the growth management boards that are being put in place for both the Edmonton and Calgary regions, which will really be targeted more at the efficient use of land and all of the positive spinoffs that come from that.

The other item I would just briefly mention is within the proposed city charters for Calgary and Edmonton. One of the items that is in there is the proposal that the two cities would be required to develop a sort of greenhouse gas and climate change mitigation strategy. That would certainly address probably about two-thirds of the population of the province, with the idea that as we move forward, if that's something that works well, it can be something that we can look at transitioning out farther in the future.

**Dr. Turner:** Thank you.

I'm also interested in hearing more details regarding the relationship of the Land Stewardship Act and the Municipal Government Act as it relates to environmental conservation and stewardship and the newly implemented conservation reserves. How can we encourage municipalities to promote strong, sustainable development while we're ensuring the protection of lands for future generations? I have an example that I think would be good to use across the province in my constituency of Edmonton-Whitemud, and that's the MacTaggart lands, which were donated by an individual and are at the confluence of Blackmud Creek and Whitemud Creek. The Edmonton and Area Land Trust . . .

**The Chair:** Please finish your question if you don't mind it being responded to in writing.

**Dr. Turner:** I think I'll ask it in the next round.

**The Chair:** Fair enough, Dr. Turner. Thank you very much.

Mr. Fildebrandt, you have five minutes.

**Mr. Fildebrandt:** Thank you, Mr. Chair. I'll cut to it. I guess a lot of us are talking about disaster relief and planning for disasters. Alberta has had a bad habit for a very long time of not budgeting properly for disaster assistance for the last decade. Previous governments only budgeted around \$50 million for disasters, and we'd end up spending, on average, about \$400 million to \$500 million. To its credit, the current government increased its budget to approximately \$200 million a year in planning for disasters. That's still less than half of what we normally spend. In 2015 \$246 million was budgeted for disasters, but we spent \$568 million. Last year \$235 million was budgeted, and we spent \$1.4 billion although that was a particularly high year. On average we spend about \$500 million to \$600 million every single year on disaster assistance, but we're normally budgeting in the neighbourhood of \$200 million to \$240 million. Is there any discussion in your department right now about better budget planning around disaster assistance?

9:30

**Mr. Pickering:** Mr. Chairman, as indicated, the government sets aside a contingency for disasters in the order of \$200 million. Disasters are very difficult to estimate. You know, if you look at the

2013 flood and the Wood Buffalo fires, the 2013 flood was in the order of about \$1.6 billion; the Wood Buffalo fire was about \$700 million. Those are extraordinary events and very difficult to budget for. I think the government's view is that when required, the money is there. It's accrued firstly from the \$200 million that's in the budget, and if additional dollars are required, then through supplementary estimates those dollars are accrued. It is, as I mentioned, very difficult to budget for.

**Mr. Fildebrandt:** I appreciate that it's very difficult to budget for. We don't know what kind of disasters are going to happen, but we know that every year there will be disasters, some years more, some years less. On average it's \$500 million a year even in years that don't include the 2013 flood or the Fort McMurray fires last year. The average year, excluding even those two big years, is between \$450 million and \$550 million a year, and we've got this year \$235 million budgeted, \$201 million budgeted the year after that, \$201 million budgeted the year after that. We could say with near certainty that we're going to spend probably twice that every single year. I appreciate that it's difficult to budget for these things, but we know that it's going to be more than what's being put in these budgets.

Has there been any internal discussion based on previous experience, going back in the last decade with how much we spend every single year, on how to better prepare, from a budgetary perspective, for disaster assistance spending?

**Mr. Pickering:** Yes. I'll ask Mr. Geddes to supplement. I will sort of indicate that those numbers probably include forest firefighting costs, which are within the Agriculture and Forestry budget. I think it's probably significantly less if you look at the average from a disaster recovery program sort of budgeting perspective.

Brad.

**Mr. Geddes:** Thank you. It's very significant that we are looking at the total disaster costs. As Mr. Pickering just noted, that funding also provides support to Agriculture and Forestry for their very significant fire suppression costs. It's the combination of not only the disaster recovery program; there's also Agriculture and Forestry with regard to fire suppression. Then, also, those funds could be used if there's a public health disaster or outbreak of livestock disease. The contingency funding is set aside by Treasury Board for all those different possible occurrences. Within the disaster recovery program . . .

**Mr. Fildebrandt:** Okay. But we're not getting to the actual heart of my question.

**Mr. Geddes:** If I may finish.

**Mr. Fildebrandt:** We spend half a billion dollars every year on disaster spending, but we don't actually budget for it. Is there any internal discussion of policy on what we actually spend on average every year for disaster assistance?

**Mr. Geddes:** I can speak to the specific funding of the disaster recovery program.

**The Chair:** Thank you, sir. Can you respond to that in writing, please?

**Mr. Geddes:** Yes, sir.

**The Chair:** Thank you very much.

Mr. Gotfried, you have five minutes.

**Mr. Gotfried:** Thank you, Mr. Chair, and thank you to the representatives for being here today. Key strategy 1.3 says, "Work with municipalities and other stakeholders to revise the regulations associated with the MGA," and on page 29 of your annual report it discusses changes to the off-site levies regulation. The amendments will expand the eligible infrastructure that an off-site levy can be collected for to include things like fire halls, police stations, libraries, and recreation centres. My first question is: has Municipal Affairs conducted any economic impact analysis of off-site levies, including the expected impact on housing prices and affordability for Albertans?

**Mr. Pickering:** Off-site levies are not new. We did expand them. Previously off-site levies dealt with water, sewer, storm, and roads. The intent of those is to deal with impacts to a community from new development, sort of taking into consideration the existing community and taxpayers to ensure that they're not burdened with the cost of development. It was expanded to rec centres, libraries, police stations, those things that occur as a result of growth. In our regulation-type development, in our principles and criteria, municipalities will be required to allocate the benefit between new development, to ensure that new development is paying its fair share, and the existing community, which will have to be paid through other ways. You know, it's ensuring, I think, that the cost of growth and the costs associated with that are fairly allocated between existing taxpayers and new development or new taxpayers.

**Mr. Gotfried:** Mr. Pickering, we're hearing that that could add anywhere from \$30,000 to \$60,000 to the cost of a house, deeply impacting the affordability, in many cases, for first-time homebuyers in new communities. Again, have you done an economic impact study specifically on how that is going to affect the affordability of home prices for first-time buyers or move-up buyers in those new communities?

**Mr. Pickering:** Yeah. I'll answer it this way, because there's a piece that hasn't made its way into a regulation yet that the development industry is concerned about, and it's infrastructure for primary highways and access to it. The development industry was at the table when we went through our consultations on the MGA and was aware of our expansion into police stations, fire halls, libraries, and rec centres. They have worked with us in the development of the regulation. I think the recent information that you're getting is interpolating costs of major interchanges against development and is probably not a fair allocation of costs.

**Mr. Gotfried:** In Calgary, for example, the new recreation centre in Seton is going to cost an estimated \$200 million, and another one nearby was built for less than \$40 million. In terms of these levies and how they're going to be apportioned to those new communities and new developments, when we're building recreation centres, libraries, fire halls, police stations, what standard of facility are you putting in there? Or is that latitude in terms of the cost of those facilities, which will be borne by the purchasers – the builders, developers, and purchasers, eventually – affecting affordability? What kind of limitations or regulations will you put on that in terms of expectations that there is not overreaching done because of this change in regulation?

**Mr. Pickering:** The decisions on the type of facility and the design of it are left to the local authority, so local elected officials make those decisions. In particular, the city of Calgary has entered into an agreement with their Urban Development Institute with respect to levies that they charge for those types of facilities. So there was

a meeting of the minds in respect to costs associated with creating complete communities.

**Mr. Gotfried:** That's Build Calgary, as it's now called, and now build Alberta is coming into effect. Again, if that latitude is given completely to municipalities, how are you going to ensure, through the regulations and the MGA, that there's not an overreach not only in just the costs of those facilities but sometimes in the application of benefit in terms of the geographical region, geographical area which is represented by those levies?

**Mr. Pickering:** Okay. With respect to benefit in the development of the off-site levies bylaw, in the MGA there is a provision for appeal of those levies. There is a requirement for a public hearing before those bylaws are enacted. So there are both transparency and appeals with respect to those costs.

**Mr. Gotfried:** What kind of reasonableness in terms of that appeal process are you expecting to put into place? [Mr. Gotfried's speaking time expired] Maybe you could answer that in writing.

Thank you.

**The Chair:** Thank you.

Dr. Turner, it's my understanding that you're okay with your last question being replied to in writing.

**Dr. Turner:** That's right.

**The Chair:** Okay. Ms Miller.

**Ms Miller:** Thank you, Chair. From speaking with local officials in my area, I understand that there's some interest in the city charters from other municipalities – Red Deer comes to mind – but I believe that both the AUMA and AAMDC are also equally interested in some of the policies being implemented. Is the ministry considering future plans to implement these policies and powers more broadly across Alberta municipalities?

9:40

**Mr. Pickering:** Mr. Chairman, I'll start, and then if a supplement is required, it'll be from Gary Sandberg. The province is not at this point in time considering city charters for any other municipalities. Instead, we're focused on working with Edmonton and Calgary to ensure proposed charters for the two cities work as intended. Once there's a meaningful experience with the Edmonton and Calgary charters, the province will consider whether any of those provisions or charters should be considered for a broader implementation either through changes in the Municipal Government Act or other communities being considered for charters.

**Ms Miller:** Thank you. I noticed that under public and stakeholder engagement "there was a request for greater clarity on how the renewed Municipal Government Act and the [new] city charters will work together once they [both] come into effect." Could you expand on that, please? Would any policy that falls under the jurisdiction of the city charters' regulation trump what's in the MGA?

**Mr. Pickering:** The work on the two initiatives, the Municipal Government Act and the city charters, was conducted concurrently over the last few years, so a number of the discussions that we were having at the city charter table did make their way into changes to the MGA. There was a recognition, I think, by the government that the MGA covers all municipalities, so summer villages which have a population of 10 to the city of Calgary with a population north of a million. The intent is really to recognize where there are

differences. The regulation enables the cities, through the bylaws, to adopt different approaches to those set out in the MGA, so in essence it does override the Municipal Government Act. But, as I mentioned, our focus has been on Edmonton and Calgary, and there has been an engagement process with the public, stakeholders, and the cities, including the posting of our draft in August, that closed for comments in the middle part of October.

I don't know if you want to supplement, Gary.

**Ms Miller:** Thank you. On page 31 of the annual report it talks about the city charters and the need for a new framework due to "increasing expectations of citizens, pressures on the built and natural environments, heightened demand on social systems, and the need for economic diversification." It states that the province and both cities will sign the agreement this year and that it will also be enacted by the end of the year. Is this still the case? When can we anticipate this regulation being enacted?

**Mr. Pickering:** The city charter initiative consists of three sort of distinct elements designed to collectively create a new partnership between the province and our two major cities. The city charter regulation will set out, as I mentioned, the flexibilities and the authorities to enable cities to better respond to their unique circumstances. As I mentioned, the draft regulation was posted for public review, and that period closed on October 10. We are considering the feedback that was received and anticipate a decision on the charter in the coming months.

The second part was a collaboration agreement which commits the province and the two cities to a partnership in key areas such as environmental stewardship, social issues, and transportation planning. That agreement was signed by ministers Anderson and Ceci and mayors Nenshi and Iveson this summer. So that is in effect, and we have started work on those tables.

The third part is the new fiscal framework that will be developed with the cities. [Mr. Pickering's speaking time expired] We'll respond in writing.

**The Chair:** Thank you, sir. I appreciate that.

Now we're going to go to questions on the record. We have three minutes. I would ask members for no preambles and one question per member, rotating between opposition and government.

Mr. Strankman, you have a quick question?

**Mr. Strankman:** Thank you, Mr. Chair. Recently there were two separate wildfire incidents in the southern region of the Drumheller-Stettler constituency. The first originated on the Suffield military base, burning out into the special areas' jurisdiction. Since the special areas is a government agency, how is the municipal wildfire management act applied in the special areas' jurisdiction?

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

Mr. Nielsen.

**Mr. Nielsen:** Thank you. In the report on page 13 there lacks any performance measures for the first outcome. Why are there no performance measures to measure your desired outcome for Albertans to live in communities with responsible, collaborative, and accountable local governments?

**The Chair:** Thank you, Mr. Nielsen.

Mr. Stier.

**Mr. Stier:** Thank you. On flood mitigation and the risk that was involved, going back as far as 2006, the provincial government had reports on preventing these areas from being developed. This is

apparently being handled with regulations that you're bringing out. It's an outstanding recommendation from the Auditor General. I'm wondering what the status is of these regulations pertaining to that. When are the new rules going to be announced, and what kind of foreseeable outcomes has the department put towards this initiative, please?

**The Chair:** Thank you, Mr. Stier.

**Ms Renaud:** The Alberta Safety Codes Authority received responsibility for "overseeing safety codes compliance monitoring [with] all unaccredited municipalities on behalf of the Government" on page 12. Why was this done, and could you please explain how the Alberta Safety Codes Authority compliance model has improved accountability?

Thank you.

**Mr. Gotfried:** Key strategy 2.1 says to "work to harmonize safety codes with national and international codes and ensure they are adopted in a timely manner." On page 40 of the annual report building, fire, and energy codes were delayed in order to further harmonize those codes with national codes. My questions are: how does granting the cities of Edmonton and Calgary the authority to amend the building code within their boundaries meet the department's goal to harmonize the building code with the national code when, in fact, we may end up with three codes across the province; were stakeholders consulted on what the impact of allowing cities to amend the building code would be for the industries, particularly for builders operating across the province; and was an economic impact assessment completed on the impact of allowing the two cities to amend their own building codes?

**The Chair:** Thank you, Mr. Gotfried.

Mr. Carson. Thank you.

**Mr. Carson:** Thank you. You provided some outcomes of projects approved for intermunicipal collaboration and funding on page 16 of your report. Does this funding meet your objectives of strengthening service delivery, and do you have tangible examples of how this is going to save taxpayer money by being more efficient on service delivery?

Thank you.

**The Chair:** Mr. Barnes.

**Mr. Barnes:** Thank you. My understanding is that one of the recommendations of the Flat Top report on the Slave Lake wildfire was to ensure that there was a setback between the treeline and the houses bordering forest areas. Is the department aware of how many municipalities, if any, have implemented that recommendation?

**The Chair:** Thank you, Mr. Barnes.

We have one final question for the government if they'd like it. Mr. Malkinson. No? Thank you very much.

I would like to thank the officials from the ministry as well as the officials from agencies and boards who attended today to respond to the committee members' questions. We ask that the responses outlining questions from today's meeting be provided in writing and forwarded to the committee clerk within 30 days.

Let's move on to the other business. Are there any items for discussion for other business?

If not, we'll move on to the date for our next meeting. The committee meets tomorrow evening, Wednesday, November 15, to receive a briefing from the Auditor General respecting his October 2017 report. The committee meeting is scheduled from 6:30 p.m. to 8 p.m. This will not be a premeeting brief tomorrow evening.

Would a member move that the meeting be adjourned? Mr. Carson. All in favour? On the phones? Any opposed? Carried.

Thank you very much.

[The committee adjourned at 9:49 a.m.]









