



Legislative Assembly of Alberta

The 28th Legislature
Second Session

Standing Committee
on
Resource Stewardship

Ministry of Municipal Affairs
Consideration of Main Estimates

Tuesday, April 8, 2014
3:30 p.m.

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Standing Committee on Resource Stewardship

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Standing Committee on Resource Stewardship

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Anthony Lemphers, Assistant Deputy Minister, Corporate Strategic Services

Michael Merritt, Assistant Deputy Minister, Local Government Services

Ivan Moore, Assistant Deputy Minister, Public Safety

Gary Sandberg, Executive Director, Municipal Services

Shane Schreiber, Acting Managing Director, Alberta Emergency Management Agency

Paul Whittaker, Deputy Minister

3:30 p.m.

Tuesday, April 8, 2014

[Mr. Khan in the chair]

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

The Chair: Folks, I would like to call this meeting to order and welcome everybody here today. The committee has under consideration the estimates of the Ministry of Municipal Affairs for the fiscal year ending March 31, 2015.

I'd ask that we start the meeting by going around the table and introducing ourselves for the record. Minister, when it comes to you, if you would be kind enough to introduce the folks at the table and anybody on your team that you'd care to introduce.

Mr. Bilous, the deputy chair has stepped away, so you may start the introductions.

Mr. Bilous: Thank you, Mr. Chair. Good afternoon. Deron Bilous, MLA for Edmonton-Beverly-Clareview.

Dr. Brown: Neil Brown, Calgary-Mackay-Nose Hill.

Mr. Xiao: David Xiao, Edmonton-McClung.

Mr. Allen: Mike Allen, Fort McMurray-Wood Buffalo.

Mr. Casey: Ron Casey, Banff-Cochrane.

Mr. Weadick: I'm Greg Weadick, the Acting Minister of Municipal Affairs. I have at the table here with me Anthony Lemphers, my ADM for corporate services. I have my Deputy Minister of Municipal Affairs, Paul Whittaker, and I have the MLA for Calgary-Klein, the associate minister responsible for regional reconstruction for southwest Alberta – get that on a business card – Kyle Fawcett.

Mr. Wilson: Very good. Jeff Wilson, MLA, Calgary-Shaw.

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

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

Ms Blakeman: Laurie Blakeman. I'm thrilled to welcome each and every one of you to my fabulous constituency of Edmonton-Centre on such a bonny spring day.

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

The Chair: Thank you.

A little bit of housekeeping here, folks. Please note that the microphones – oh, I'm sorry for jumping to the housekeeping. We still have some introductions at hand.

Mr. Goudreau: Sorry, Chair. Hector Goudreau, MLA, Dunvegan-Central Peace-Notley.

The Chair: Fantastic.

Is there anybody else, Chris? I think we've got everybody.

Back to the housekeeping. Please note that the microphones are operated by *Hansard*, and we'd ask that BlackBerrys, iPhones, et cetera, be turned off or set to silent or vibrate and not placed on the table as they may interfere with the audiofeed.

Hon. members, as you know, the Assembly approved amendments to the standing orders that impact consideration of the main estimates. Before we proceed with consideration of the

main estimates for the Ministry of Municipal Affairs, I would like to review briefly the standing orders governing the speaking rotation. As provided for in SO 59.01(6), the rotation is as follows. The minister may make opening comments not to exceed 10 minutes. For the hour that follows members of the Official Opposition and the minister may speak. For the next 20 minutes the members of the third party, if any, and the minister may speak. For the next 20 minutes the members of the fourth party, if any, and the minister may speak. For the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak. For the following 20 minutes private members of the government caucus and the minister may speak. For the time remaining we will follow the same rotation to the extent possible; however, the speaking times are reduced to five minutes.

Members may speak more than once; however, speaking times are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 20 minutes. For the final rotation, with speaking times of five minutes, once again a minister and a member may combine their speaking time for a maximum total of 10 minutes. Members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time or have a discussion.

Three hours have been scheduled to consider the estimates of the Ministry of Municipal Affairs. With the concurrence of this committee I would like to call a five-minute break somewhere near the midpoint of the meeting.

Committee members, ministers, and other members who are not committee members may, of course, participate in this meeting. Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee room wall. Members have priority for seating at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule and we will adjourn. Otherwise, we will adjourn at 6:30 p.m.

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

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

Just another note here, folks. Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 16, 2014.

Before we start, I do notice another addition to our committee.

Ms Calahasen: Sorry I'm late, Mr. Chair.

Pearl Calahasen, MLA, Lesser Slave Lake. Nice to see the minister here.

Dr. Brown: Mr. Chairman, I'd like to seek a point of clarification with respect to the rules. I understand that the House leaders have made an agreement with respect to the distribution of the speaking time allocation. I just want to seek some clarification with respect to the independent members. I understand there may be two independent members attending the proceedings today, and if I heard you correctly, you said that they would be allocated 20 minutes. There are five of us in the government caucus here, and it strikes me as a little bit inequitable. If that is, in fact, a part of the House leaders' agreement specifically, then I'm willing to abide by it. But I'd like some clarification on whether that is contained within the House leaders' agreement because we don't get much

of a chance to ask any questions in these proceedings if, in fact, the independent members get 20 minutes each at the end of the four parties.

The Chair: Duly noted, Dr. Brown. My understanding is that we will have one independent member today. It's possible we may have more than one independent member tomorrow. The independent members have one 20-minute segment in their rotation as per the agreed-upon order. I'll have a conversation prior to our meeting tomorrow with the independent members to see how they wish to divvy up that 20 minutes, whether they want to establish a rotation among themselves or how they wish to proceed. To my understanding, all of these procedures that I've gone through have been predefined and agreed to by the House leaders. Fair enough? Thank you for that point, Dr. Brown.

It's come to my attention that some amendments may be tabled today. If I may, I'd like to cover off our procedure as it pertains to amendments, and then we'll get to the minister.

An amendment to the estimates cannot seek to increase the amount of estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the total estimate to be voted on by its full amount. Vote on amendments is deferred until Committee of Supply on April 16, 2014. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty copies of amendments must be provided at the meeting for the committee members and staff. Fair enough.

Not seeing any more committee members – oh, my peripheral vision is not what it used to be. We have one more introduction for our committee.

Ms L. Johnson: Thank you, Mr. Chair. Linda Johnson, Calgary-Glenmore.

The Chair: Thank you very much.

All right. Mr. Minister, the floor is yours. You have 10 minutes.

Mr. Weadick: Well, thank you, Mr. Chairman. It's a pleasure to be here today. On top of the folks that I've introduced to you already, you'll see that I have a wonderful support team behind me. These are specialists within the department, and if I call upon them to answer a specific question, I'll have them introduce themselves at that time. If I have a minute or two left at the end of my opening comments, I'm going to ask Minister Fawcett to give a little update on some of the DRP and flood mitigation discussions that we've been having just to fill in some of those blanks for you as well. I'm here to present the Municipal Affairs 2014-15 estimates and the 2014-2017 business plan.

A budget is more than dollar figures. It is a commitment to Albertans. This budget maintains our government's commitment to municipalities and to building strong communities. In this budget we have identified how Municipal Affairs will work together with our valued partners – which are municipalities, housing, management bodies, safety organizations, public libraries, and other groups across Alberta – to meet that commitment. We are supporting the building Alberta plan by investing in families and communities with a total ministry operational and capital budget of \$1.88 billion plus \$108 million for the disaster recovery program for the 2013 floods. While this budget reflects ongoing restraint, we have not lost sight of the need to invest because our province is growing fast and facing many pressures.

3:40

Key highlights in our budget are a \$150 million increase in MSI capital over the next three years, \$25 million more just this year in 2014-15; a \$20 million investment, to \$49 million, in the Alberta community partnership, formerly called the regional collaboration program, that will fund regional initiatives; and a more streamlined, one-window access to municipal grant programs.

In addition to support from my ministry, municipalities will also receive funding from other departments. When all these program funds are added up, just over \$2 billion is being provided from the provincial government in this budget directly to municipalities. Our investment in the success of Alberta communities is certainly significant.

However, just as important is the strategic focus of this funding and how we are enhancing programs to effectively reach our business goals. We continue to take a long-term view to build a stronger Alberta that delivers quality of life, a view that reflects how challenges can be transformed into opportunities. I'm proud of how our ministry and many partners are recognizing that the answer to our challenges doesn't only involve funding, that it's also about how the funding is used. We've improved the way we do business by focusing on spending where we'll do the most good. We are leveraging the power of collaboration. We're seeking innovative and efficient solutions to meet the needs of Albertans. As I take you through highlights of our budget and business plan, you'll see this perspective as a driving force.

However, before I do that, I want to highlight a particular focus of the ministry work with activities that fall under several business plan goals. I'm talking about our response to the 2013 Alberta floods. We continue to help Albertans recover from last year's floods in southern Alberta. In total our 2014-15 commitments to help rebuild individual lives and communities impacted by these floods will be \$866 million. This includes \$808 million for disaster recovery programs, \$32 million towards flood mitigation initiatives, and \$28 million in property tax relief. This only reflects flood recovery spending in Municipal Affairs. Other ministries are also undertaking flood-related initiatives in Budget 2014. Across government we are already working to implement a flood mitigation plan that protects Alberta's people, infrastructure, economy, and environment. Developing strategies for recovery and mitigation options related to government-owned and -supported housing is part of this work.

We also recognize that good ideas don't just rest within our own borders, so we are connecting with our federal, provincial, and territorial counterparts to benefit from their experiences and insights as we develop policy options for a provincial flood mitigation program. We will continue forging ahead, ensuring that the communities of our province are safe from possible future flooding.

As you know from the throne speech, there is a new focused agenda. This initiative is a commitment to public safety and resilient communities. Our business plan supports this. Nine of our priority initiatives directly support this commitment. Every item in our business plan that has an asterisk beside it indicates that that activity supports that focused agenda. Within our ministry this includes the ongoing recovery efforts related to the floods of 2013; disaster mitigation work, including advancing our policy options; and our work to strengthen the emergency capacity of our municipal partners.

The priority initiatives of our ministry this year are outlined in our business plan. I won't go through every initiative in detail, but I do want to highlight a few of our priorities. The review of the MGA, Municipal Government Act, will continue to be a major

priority of the ministry this year. A full stakeholder engagement process is already under way, with a website dedicated to the review and consultation events across the province. Our goal is to have an updated and modernized act ready for introduction in the House in 2015. This comprehensive and collaborative review will help us ensure that all municipalities in the province have a strong legislative foundation so they can continue to thrive well into the future.

Another priority this year will be implementing changes to municipal grant programs. First, as part of the results-based budgeting process we have moved two grant programs from Transportation to Municipal Affairs, leading to more streamlined program delivery. The basic municipal transportation grant will move under the MSI umbrella. The federal gas tax program will also move from Transportation to Municipal Affairs but will be managed separately and will not fall under MSI.

Implementing these recommendations will make our funding programs more efficient by giving municipalities a one-window access to these grant programs. The MSI application form and process will apply to both components, and municipalities will apply to one ministry. These changes won't impact the formulas for these grant programs, and they will not impact total funding to municipalities. The focus is on improved program and service delivery.

Another key change this year will be the shift of MSI operating dollars into what was previously called the regional collaboration program. We first announced this change in Budget 2013. In this year and in the next two years a total of \$50 million will move from MSI operating funds into an expanded program, that will now be called Alberta community partnership, in place of the previous regional collaboration program. The new Alberta community partnership will support municipalities as they work together on developing and implementing strategic initiatives and new ways of doing business. MSI and Alberta community partnership will be complementary programs supporting long-term priorities to build a foundation for success for all municipalities in the province.

With these changes there will be a significant investment of \$1.24 billion under the MSI umbrella in 2014-15. Here's how that funding will break down: \$871 million in MSI capital, \$30 million in MSI operating, and \$343 million in the basic municipal transportation grant.

Another key priority in our budget and business plan will be housing. We're dedicated to ensuring that low-income Albertans have access to a range of safe and affordable housing options. In 2014-15 approximately \$194 million will go towards supporting the operations of various housing programs. This includes support to local social housing, seniors' lodges, and the rent supplement program. In particular, funding for rent supplements in Budget 2014 will be \$64.8 million, a slight increase from the \$64.5 million we had in last year's budget. We continue to supply 11,500 households with rent supplements each month. Our first priority is to help those most in need, including families with children, seniors, and persons with disabilities.

Rent supplements are just one way we're helping to house our most vulnerable citizens. Our investments in government-owned housing will have the greatest return. That is why we have now turned our focus to a long-term real estate strategy. This strategy focuses on improvements to government-owned and -supported housing. We're investing \$289 million in capital over three years, \$137 million of that in 2014-15. This includes the renewal of social housing and seniors' lodges. These projects include renovations, upgrades, and replacements. We are able to confidently focus on our long-term strategy, knowing that as a

government we have accomplished a lot through our affordable housing grants over the past decade. Those grants will have helped to create a total of 16,000 housing units when all construction is complete. As this ministry has said before, budget figures may change, but our commitment remains constant.

Municipal Affairs continues to have a role in the administration of education property taxes. The revenue collected under this tax helps provide a high-quality education for Alberta students. Last year our government standardized the education property tax. It's set at 32 per cent of the cost of funding education, and we've eliminated the mitigation formula. Basing education property taxes on the actual cost of funding education achieves greater transparency, fairness, and equity. Last year we announced that mitigation measures would be phased out to ensure education property taxes are more fairly distributed across the province.

Thank you.

The Chair: Minister, I'm sorry. I'm going to have to stop you there. I trust that as we proceed with the meeting, the remainder of your comments will be revealed to the group.

Just a little more housekeeping. We have a few more members who have joined. You're welcome to join the table.

Mr. Donovan: No, I'm good. I'm a little froggy today.

The Chair: A little froggy today. Okay. Very well.

If you'd care to introduce yourself.

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

The Chair: Okay. Thank you very much.

Now, as per our rotation, we'll begin our rotation. Just prior to the rotation – I'm speaking to everyone on the committee here – a friendly reminder, again, that this is not question period and this is not Public Accounts. This is budget estimates, and, as such, all of our points and questions to the minister and his team need to be and should be relevant to our budget documents of 2014-2015 or the business plan of 2014-2015. If at all possible, if you could cite those materials, that would be outstanding. I know Mr. Stier did a particularly outstanding job of that yesterday, and we're grateful to him.

The Wildrose starts us off. Mr. Wilson, you have 20 minutes. How would you like to allocate your time?

3:50

Mr. Wilson: Back and forth, please, Chair.

The Chair: Okay. Please proceed.

Mr. Wilson: Thank you very much. Thank you to the minister and all of your staff for being here today. I've got to say that that's quite the speech you were able to draft overnight. Congratulations. It's obviously a pretty busy time in Municipal Affairs. You know, there's a lot going on still with the flood recovery and whatnot. I know that continuity within that ministry is very important, so I know that a lot of that falls onto your deputy minister. Thank you for all of the work that you guys have been doing over the past to keep this file moving, particularly now with a third minister in five months, which can, I'm sure, be a bit of a challenge for everyone.

Minister, I know we have a lot of ground to cover today. If at any point I've asked a question and I do interject, please don't take offence at that. It's just simply that I've gotten the information that I want, and in an effort to get as much information out of your team today, I may just ask you to allow me to move on if that's okay with you.

I do want to just address some of the items that you brought up in your opening remarks. There are some, I guess, discrepancies based on the numbers that you suggested and what we see in the budget. So I'll just start with the first. One of the first comments that you made was around \$108 million for disaster recovery, and I'm wondering if you can point me to which line items that is coming from, please.

Mr. Weadick: Eight hundred and eight million dollars is our piece of the disaster recovery.

Mr. Wilson: Very good. Thank you. Appreciate that.

You talked about your work to enhance the capacity of emergency preparedness. You'll note that, on line 8.5, that grant is flat this year, so I'm wondering how your ministry is intending to enhance the capacity if there are no additional funds going into that.

Mr. Weadick: Some of the flood mitigation funding is going in to create more resilient communities. So we have funding in place to allow municipalities to prepurchase items that may be used during a flood. That is some of the preparedness we're doing. Then we also have, through other departments, work on mitigation planning to make more resilient communities.

Mr. Wilson: Okay. Very well.

When you're talking about housing, you suggested that there was \$64.8 million this year going towards the rent supplement program, but if you look at line item 11.7, you'll note that that is actually only \$52.8 million. I'm wondering if you could comment and clarify the discrepancy there, please.

Mr. Whittaker: Paul Whittaker, deputy minister. I'll turn it over to the ADM of housing, Mike Leathwood. But it's in a couple of different blocks.

Mr. Wilson: Great. Thank you.

Mr. Leathwood: It's a good question, and it actually explains how we fund the program. The money you see in the department there is actually transferred into the Alberta Social Housing Corporation. Then further to that there is recovery from the federal government, another \$12 million, and then we spend the \$64 million. This is the province of Alberta's contribution to the corporation to deliver the program.

Mr. Wilson: Very good. Thank you for the clarification. I do appreciate that.

If I may, I would like to start talking about some of the flood mitigation recovery efforts from the 2013 floods. Obviously, this was a massive natural disaster, one of the largest in Canadian history, if not the largest. Communities across the province responded in a very inspiring way, and your department had a lot to do with that, obviously, introducing three associate ministers and, I mean, yourselves both each being one of them. I know that it has been a tumultuous time for many people in this province as they try to recover.

I'm wondering if we can just talk about some of the ideas around disaster recovery and, specifically, line 8.4 in the budget. Each year it seems pretty consistent in Alberta that we have some sort of disaster that we're going to be dealing with, whether it be fires in Slave Lake, whether it be previous floods. It seems rather incongruous to me that we would have these events every single year yet this year we're budgeting for \$200,000. I'm wondering if you can clarify why we wouldn't be at least doing maybe a bit of a

rolling average to, you know, perhaps operate under the assumption that something is going to happen that we're going to need to have budgeted for and be ready for.

Mr. Weadick: I'll let the deputy minister take that one.

Mr. Whittaker: Thank you. There are several schools of thought on how one budgets for disasters on the presumption – you're correct – that they're probably going to happen every year, whether they're of the scale and magnitude that we saw in 2013 or 2011, which was the Slave Lake fire, or the modest year in the middle, 2012. We have had discussions over the years through Treasury Board, committee, or cabinet and with our colleagues in Treasury Board, who are the ultimate experts on how to budget for these things.

We choose to not put a predetermined amount in the budget. It's essentially a policy and financial decision of the government of Alberta to not put a rolling average in or not put a specific amount to address it on an annualized basis when the disaster strikes. Is there an advantage to putting the money in the budget ahead of time? If we put \$200 million in, if that's the rolling average, and it pans out to a \$50 million year, at the end of the year we turn back \$150 million, so then we've got sort of a complicated set of bookkeeping.

There are different schools of thought. It's a point that's been raised repeatedly over the years. There are different ways of looking at it.

Mr. Wilson: Fair enough. Would your concern then be that if you were to have that \$150 million, your budget would then have to drop the following year? It seems to me that often we find ourselves back in supplementary estimates, where the government is then asking for approval to spend those funds then. I guess I just don't – you're right. There are different schools of thought, and I appreciate that. But it just seems odd that we wouldn't at least . . .

Mr. Whittaker: Yeah. I'm not sure I see an advantage or a disadvantage. I mean, there have been academic works over the years on this. Different provinces do it different ways. There's no real concern about whether our budget drops or increases. That's something for the House to determine anyway.

Mr. Wilson: Sure. Okay. Fair enough.

Moving on, I want to talk about, specifically, flood mitigation. If I reference page 68 of the capital plan, it notes that there's \$859 million budgeted over the next three years for flood recovery projects, including more than \$700 million for future mitigation projects. Yet when I look in the Municipal Affairs' budget, where it would be, I guess, a natural assumption that much of those mitigation projects would be funded from, there's only \$31.5 million. So if it isn't in the Municipal Affairs' budget, could you clarify where that money is coming from?

Mr. Weadick: You'll find as you go through the budget estimates that there will be funding through a number of programs. ESRD will have significant funding that will flow towards this work. There's money through the DRP process that will be used for this. We've already approached communities to put together flood mitigation plans. Some have been funded, and some are under discussion now around what the funding requirements would be. We're working with our municipal partners on mitigation plans in each municipality.

Mr. Wilson: Okay. Sure. Let's talk about Calgary, then, as one example. They recently requested or there was media suggesting

that they were requesting \$900 million worth in flood recovery. Can you help me understand how that process moves forward from here and what Municipal Affairs' role will be in determining which of those projects you fund out of your \$31 million?

Mr. Weadick: We haven't seen the ask from the city of Calgary, but I understand that they will have some ideas. There's been discussion around a number of mitigation plans, even last year at the mitigation symposium. So I'm expecting that in May, when we have the symposium, we'll see that some of the engineering work that the four different engineering firms have been doing will be brought forward, and then we can see what mitigation plans, what options there are, what they might look like, what the cost could be, and then we'll start to move forward on the potential construction.

But these would take a number of years. Some of these are fairly significant projects. You've probably heard about a potential tunnel in Calgary. These would all be done with the full support and advice of the municipality that's working on it and doing it. So it's really a partnership on all of these. Through the process of the upcoming flood mitigation forum – and we have four engineering firms that will be reporting – we will start to then see the cost benefits of different mitigation options, and then we can start narrowing those down.

Mr. Wilson: Okay. What is the current status of any flood mitigation projects across the province in terms of what's being funded from Municipal Affairs right now?

Mr. Weadick: I can tell you that right now there's flood mitigation, there's construction under way, and further design work in High River, for example, on berms, on some mitigation structures there. Medicine Hat has been approved for, I believe, over \$9 million for the first phase of their flood mitigation programming, and they're in that stage as well. Across the province various communities are in various stages of looking at doing engineering and also actually doing the work.

4:00

Mr. Wilson: Okay. When will specific projects, particularly the larger ones that were talked about at the first symposium – when do you anticipate timelines around those being announced, confirmed, and, I guess, projects starting up?

Mr. Weadick: We will move as quickly as we can. We will be utilizing as streamlined a process as possible for approvals, but many of these projects will still require ESRD approvals, potentially the federal Department of Fisheries and Oceans. We will be working with all those partners and the municipalities and the landowners. Not all of these mitigations occur on publicly owned land, so we'll have to work with the landowners as well. There's a process that will take place, and some of these projects will probably be done over a multiple-year period.

Mr. Wilson: Great. Moving to dam management along the Bow. Now, I know that some of that falls under ESRD and was TransAlta, but I'm wondering if there have been discussions that Municipal Affairs has been involved with around the management of those dams, considering some of the fallout that we've seen as a result of the flood.

Mr. Weadick: What I can say is that we as a government, through the task force and with the ministers involved, which includes ESRD and Tourism, Parks and Recreation, have looked at all of the structures that are available, whether we own them or not,

simply to see what some of the options might be. We have some challenges in this province in that many of our structures have been built as drought protection, so the balance that we have to continue to find is: how can we maximize the use of the structure both to mitigate drought, which in my part of the world is probably a more recurrent concern than flooding, and also get some benefit by how we manage those or how we change the management of those structures to gain some support during a flooding event?

I can tell you that in the '05 flooding event the engineers went in afterwards and looked at the Oldman River dam, which was really built as drought protection, to keep flows in the river and to hold water for drought protection. It actually shaved 25 per cent off the peak. Had the dam not been there, the flood of 2005 would have been 25 per cent higher.

We're having some good impacts. We're looking at how that can be best operated based on good reporting of snowpacks, those kinds of things, working closely with ESRD. I think you'll probably see ongoing dialogue and discussion of how we can use that, but it will be done in that holistic approach. We want to make sure that we can also manage for the potential of any year being a drought year.

Mr. Wilson: Great. Thank you for mentioning a holistic approach. A lot of communities that are south of Calgary and south of the major incidents, whether that be High River or others, are quite concerned about some of the mitigation projects negatively impacting them. Can you comment on what it is that your ministry will be doing to assure them that, you know, it will be a holistic approach?

Mr. Weadick: Well, not only will I assure them; they'll be at the table with us. We've already had meetings with many of the downstream communities. As we move forward on which mitigation plans look like they will be the most effective and most cost-effective, then we can look at which drainages may be affected by that change, whether it's the Sheep, whether it's the Little Bow, whether it's Travers reservoir. We can look at all of those facilities and then work with the irrigation districts, the downstream communities, and even, probably, some landowners that may live in some of those areas to ensure that we can mitigate as we develop those. They'll be very much a part of the discussion as we go forward.

Mr. Wilson: Great. Will you be starting any projects this July-August to make sure that we don't miss another, I guess, so-called mitigation season or construction season?

Mr. Weadick: What I can tell you is that we've already started some projects. There will be a continuous state of finding appropriate projects, especially some of them that are fairly specific. Some of them may be protecting infrastructure projects, where you have to protect bridge infrastructure or things like that. It'll be a process of working through the approvals processes.

We still want to make sure we do it right. We want to make sure that Environment and Sustainable Resource Development, DFO have a chance to make sure that we're not impacting fisheries with the mitigation, for example. There's an extremely important fishery near High River, a trout spawning area. We want to make sure that what we do helps to protect that. Partners we'll be working with are Ducks Unlimited, Trout Unlimited, Cows and Fish. Those are some of the agencies that will be helping us as we go forward, looking at both mitigation and some natural mitigation measures that they can help us with.

Mr. Wilson: Great. Thank you.

Speaking to the disaster recovery program, it seems like there is a nil total that is anticipated to be spent on that this year in terms of line item 12.1. I'm wondering if you can comment on the status of files that are under appeal. I understand that the minister was quite pleased with being able to close 90 per cent of the files, but I'm curious if you can comment on how many of those files are currently under appeal and how much you have budgeted in terms of settling those over the next 12 months.

Mr. Weadick: Paul, would you like to just give a technical answer to that?

Mr. Whittaker: Sure. On the nil amounts, the way the bookkeeping works is that we book the entire number in the year in which it occurs. That's where you see the \$1.457 billion. That's why you see nil in the next year. That's the answer to that question.

On the issue of the appeals, the rate of appeals, I don't know. You have to take the microphone, Shane. I'll ask Shane Schreiber, who's the acting managing director for the Emergency Management Agency, to speak to that.

Mr. Wilson: Thank you.

Mr. Schreiber: Hi. On the appeals, as of today we have 275 files in appeal. Based on historical average, we get about 8 per cent, between 5 and 8 per cent, appealed for a DRP. We have essentially budgeted and prepared for as many as 10 per cent given that this is an extraordinary event. Right now we have 275. That number fluctuates on a daily basis because as we go back and apply new policies or new policy decisions, we will automatically pull things out of appeal that may now be eligible. That's where we sit right now. We're going through about 10 a week right now. The appeals staff is going to triple in size, so we're going to try to achieve a capacity of about 50 appeals per week. I hope that answers your question.

Mr. Wilson: It does. Thank you very much.

How much money has been provided to LandLink to date out of the \$1.4 billion that was noted?

Mr. Weadick: This was the last year of LandLink's existing contract. We have signed a one-year extension to just complete the work that's in progress both from this event and some other events that have happened across the province over the past two or three years. They're in the process of winding those down. We are in the middle of creating capacity within government to help support this, and we're looking at what process over the next year we will use to secure long-term support and how that would be delivered, whether it would be delivered partially in-house or through contracted support. We'll be going through that process over the next year and then coming back with what we believe would be an appropriate way to manage long term. You can't keep enough people working for the government to take on a flood like this or any kind of disaster of this magnitude, where you may need 500 or 600 people very quickly.

There will be some balance, and we're going to have good discussions, talk to other provinces, see how people have worked to create efficient – once again, there's only the one taxpayer. We want to make sure that we're as effective and efficient with the dollars we do spend . . .

Mr. Wilson: Thank you very much for that.

Did you have something to add?

Mr. Weadick: No.

Mr. Wilson: Sorry; behind you.

Mr. Schreiber: The total billings for LandLink support for the 2013 DRP as of today were \$18.3 million dollars, and the most that they can charge us, the outside envelope of the contract for finishing off that contract on the 2013 DRP, is \$13 million, but it will be likely less than that.

Mr. Wilson: Great. Thank you for the clarification. I do appreciate it.

I'm curious if I could ask this question. Being an associate minister on this file previously and now being the minister in charge, what is it that you plan on doing differently to move this along, specifically around the flood?

Mr. Weadick: You know, we've actually over the past number of months ramped up significantly the impacts we're having on the claims. We had about 12,000 claims. Some of them were withdrawn or ended up being settled by insurance or were 100 per cent insurance files. The balance of the files we've been moving through. We now have dealt with about 90 per cent of the residential files, so we've got 10 per cent left. We have a target. By the end of June we're hoping to deal with 90 per cent of all files, which includes some agricultural, some small-business files, so that we can move those through as quickly as possible.

What we've been finding in talking to other jurisdictions is that we have moved at lightning speed. I know that for people who are out of their home, it doesn't seem like it. But other jurisdictions are looking at us to see how they might be able to do it. I know that there are disasters that happened two or three years ago in other provinces that haven't had any funding flow yet or very little. We've been able to get money into people's hands much more quickly than in the past, and we're going to continue to look for ways to do that.

4:10

The Chair: I'm going to have to stop you there, Minister. Thank you very much.

Mr. Wilson, you have your next segment of 20 minutes. How do you wish to proceed?

Mr. Wilson: We'll just do back and forth, please.

The Chair: Please proceed.

Mr. Wilson: Thank you, Mr. Chair.

Final question on flooding: what is the anticipated date for the completion of new flood map, and which line item is that coming out of? How much are we spending on that?

Mr. Weadick: Actually, all flood mapping is done through ESRD, and it's going to be an ongoing process to flood map, using technology and things. ESRD will be handling that piece of it, and then we work with their mapping as we put our policies in place and work forward through the DRPs.

Mr. Wilson: Great. Thank you.

Moving on to affordable housing, homelessness issues. Obviously, this is an issue that is not going away. Municipal Affairs definitely has a role to play here. This government previously has made a very aggressive – the 10-year plan to end homelessness. It was an aggressive plan. There has been some success with the housing first program, but some of that has been coupled with some rather – I wouldn't go as far as to say scathing,

but the Auditor General's report wasn't too kind about the way in which some of the grants were allocated for affordable housing.

We have a hundred thousand plus people, or at least we're told by you guys as often as you would like to remind us that these new people are moving to the province. We have issues with finding affordable housing for them, and we have issues around NIMBYism, around developments, around inclusionary zoning, all of these things which are going to be on your plate in the coming months and potentially further on. So I'm wondering if we can talk about some of the major changes to the housing programs in this budget. Can you help me understand why there is a 37 per cent decrease to housing strategies, which is line item 11.3?

Mr. Whittaker: It's a decrease of \$870,000. We've realigned some of the organization and reduced some of those supplies and services, so it is a bit of a realignment within the housing branch as to who's doing what.

Mr. Wilson: Okay. Great. That's sufficient.

Mr. Whittaker: We would have transferred the people around. You'll probably see a concomitant increase elsewhere.

Mr. Wilson: Understood. Would that then explain why there's the increase to line item 11.4? Is this to address the accountability around some of the issues that the Auditor General had raised with the department?

Mr. Whittaker: Yes. Exactly.

Mr. Wilson: Yeah. So what specific steps are being taken to increase the accountability for those funds?

Mr. Weadick: I'll ask our housing director to just step up, and he can maybe answer that one for you.

Mr. Leathwood: Thank you. Those are some good questions. Those line items you're looking at there actually are the manpower supply and services budget of the department, and then those other big odd line items below those are the program funding that gets transferred into the corporation, where we deliver programs to the housing corporation.

As far as accountability measures around the systems, as you know, the Auditor General did do the systems review. We accepted those recommendations that they found. They had two core recommendations. One was that we needed to be better on clarity, on how we allocated the grants, as you noted. While we thought we had a fairly robust system to evaluate and prioritize and pick, they felt we could do better, and we will do better going forward, clearly, and learn lessons from that.

The other big concern they had was our monitoring practices. A couple of things obviously affected the monitoring process. Actually, you know, in Slave Lake the wildfire hit. We had actually put together a new monitoring process. The Slave Lake wildfire hit, we got pulled away from doing monitoring, then we had the southern flooding. So the long and the short of it is that we've actually not had some of the staff to get out there and do the monitoring.

As noted with your previous comments, we have reallocated some staff to get out there. We did manage to do about 18 field reviews last fall, and we did find some similar findings to the Auditor General's, that people were charging a little bit more in rents than they should and were not clear on some of the other parts of the accountability, so we're holding them to account for those things. We are ramping up now that some of the flooding

housing response is behind us to get back to more robust field monitoring practices. You know, we're clearly learning lessons and wanting to improve.

Mr. Wilson: Thank you. I appreciate that.

Moving to seniors' lodges, it seems counterintuitive, given the population increase in the province and the aging population that we have, that there is no increase to our seniors' lodges at line 11.8. I'm wondering if you can address that, please.

Mr. Leathwood: Yeah. A couple of things to note in those numbers, actually. If you go back to 2011-12, where there was \$37 million, we've done a couple of things in the last two years around further investment in seniors' lodges. One is that, actually, the \$35 million is more reflective of the operating grant share. The \$37 million in the previous year actually included a maintenance grant allocation.

Mr. Anglin: We need your name for the record.

Mr. Leathwood: Sorry. Should I say my name again? Okay. Mike Leathwood, the assistant deputy minister for the housing division.

The Chair: And if I can, Mr. Leathwood, just as a reminder to anybody else who steps to the mike, for the record we'll need you to introduce yourself and say your name even if you've just answered a question. Thank you very much.

Please continue.

Mr. Leathwood: Okay. Very good. Thank you.

The \$35 million is reflective of the transfer to the corporation for funding to management bodies for the operating contribution to seniors' lodges. What's also in our estimates, of course, is that we have allocated \$30 million to seniors' lodge operators to improve facilities, roughly \$10 million a year. Of the \$137 million that we have in capital spending, the vast majority of that money is going toward improving and replacing seniors' lodges and, where we can, actually adding capacity. We're also working with our partners on looking at some long-term, sustainable funding options through AUMA and AAMD and C.

So while you don't see a specific increase directly in that line item, there are increases in previous commitments we've made for grants to improve buildings over the next three years as well as capital spending that we're going to spend on improving and replacing and adding units.

Mr. Wilson: Great. Maybe you could just stay at the mike because there's one more question.

I'm sorry. Did you have something to add?

Mr. Whittaker: I'd just say that that's on page 185, what Mike was talking about, if you're following along.

Mr. Wilson: Right. Thank you.

Line 11.6, housing providers: there's an increase there as well. Can you address what that is, specifically, for us?

Mr. Leathwood: Sorry. I don't have the . . .

Mr. Wilson: A \$2.2 million increase to housing providers.

Mr. Leathwood: Yeah. Okay. Actually, what that is is an increase in contributions to the corporation to give to management bodies who operate government-owned and -supported housing because

they've seen some cost increases for things like taxes, utilities, and operating costs.

Mr. Wilson: Thank you.

I'm curious if you can answer this: how much money has been allocated in grants that have yet to be invested to build affordable housing in the province?

Mr. Leathwood: The government has mentioned that under a previous grant program it had invested \$1.1 billion over a five-year period to March 31, 2012, to a number of organizations and communities across the province to support the development of 12,000 units. We have over 6,000 that are complete and occupied. There are still about 6,000 to come on stream. About half of those are slated to come on stream this year. The remaining half will come on stream next year, understanding that it's typically three years from a full development cycle of planning to design, tendering, and completion.

We have sitting in our accruals an amount that – probably our SFO would be more appropriate to answer on any outstanding or remaining monies to be advanced. We advance monies based on milestones once you've signed the commitment and signed the agreement. You get 30 per cent once you've proved ownership of land – you have your development permit in place, and you have your construction financing in place, all those things – and then we advance further through to the final 10 per cent, which is held back. When the project is complete, we get a final audit.

Mr. Wilson: Great. Now, are you still funding projects at a rate of 70 per cent and asking the community providers to raise the additional 30?

Mr. Leathwood: Yes. Well, there were two components to the grant program. One was 65 per cent for affordable housing projects; 70 per cent was for the homeless projects. Again, the grant program expired two years ago, and we haven't allocated any grants. In the last two years our focus has been, through the Alberta Social Housing Corporation, on government-owned and -supported housing – in particular, seniors' lodges – investing in improving and adding to those buildings, and in long-term, sustainable investments there.

4:20

Mr. Wilson: Sure. Now, Municipal Affairs is responsible for actually building the bricks and mortar around some of the, I guess, high-needs individuals that we have in our homeless population. I'm wondering if we could just talk for a moment about, you know, what's going to be required in order to meet that 10-year goal that your government put forward a few years back. If we look at a rough estimate of homeless numbers in the province, between Calgary and Edmonton in 2012 I believe there were around 5,300 individuals, and of that, it's a pretty low estimate to suggest that 10 per cent of those individuals will require some sort of permanent supportive housing in order to no longer put strain on our health care system, our social system, our justice system. With Municipal Affairs being responsible for actually constructing those – that's roughly 530 spaces that require similar services as to long-term care for a senior – I'm wondering if you can address what it is that Municipal Affairs is doing in this budget to help you achieve your goal.

Mr. Weadick: That's a great question. It really shows how you work across ministries and across government. Provision of facilities is typically a partnership between us and a municipality and possibly even private providers working together to come up

with a community solution, and that may include hard-to-serve seniors populations or any other population. I know we've been looking at a facility in Lethbridge that could be used for homeless people under age 65 that may be in requirement of a level of care similar to DAL, maybe through drug abuse or whatever. You try to find solutions that are community solutions, not government imposing a solution on a community.

Most of our communities have put together housing plans, and they have housing agencies. They work together to try to find: what are the private-sector partnership availabilities to do certain things? We've seen some of our seniors' facilities retrofitted. They find that the rooms are small and that they don't meet the needs of today's seniors, so we've provided funding to go in and change and renovate to create one-bedroom units that a couple can live in with more space. Those are some of the things we're doing to try to ensure at each community level what works: what do your community members need, and how can we work with you? It really, really is a partnership.

Then the services beyond that can flow through Seniors, they can flow through Health or Human Services, through AISH, so you have a real basket of services that can be provided. But at the end of the day each Albertan needs to be taken care of and given an appropriate level of care, so we really work closely across ministries on those.

Mr. Wilson: Great. Now, as you can well understand, NIMBYism is a bit of a barrier in terms of creating some of those spaces for your high-needs individuals in both Calgary and Edmonton and probably, I guess, in any centre where they exist. Does your ministry have an active goal to help these projects along? Are you leveraging current properties that you have that are underutilized, as you have referred to with the seniors? I think you have a pretty extensive portfolio in Municipal Affairs in terms of assets. Are you currently leveraging those to assist in this goal?

Mr. Weadick: Well, I think that in my opening comments I talked about an infrastructure plan. What can we do long-term with the infrastructure we have? What buildings are worth retrofitting? What could they be used for? What buildings should we maybe not retrofit and just simply get rid of or replace? Really, it's a combined strategy. But, once again, it's really typically done very closely with the municipality because municipalities tend to determine locations for multifamily, they will set densities for certain areas, and they will be responsible for the approval processes. We may provide some funding, but in the end the municipality has a huge involvement in helping us to find the appropriate location. Sometimes that could be a renovation or a change of use, but typically that's something that we do in very close partnership with the municipality.

Mr. Wilson: Great. What would you say that the utilization rate is of the housing assets that your department has?

Mr. Weadick: I think it varies across the different programs that we have and also by municipality. While Mike is on his way to the microphone, I can tell you that in some of the areas around Calgary, with the flooding in High River, we've seen almost no rental accommodations available because, you know, there was so much demand. Even with the facilities that we built to house people, many of them are still in those facilities, and a few people are still even using motel- or hotel-types of accommodations until they can get back into their homes. That put on an incredible strain even as far away as Lethbridge and that, where families have moved to find housing options.

For the specific utilization of different types I'll let Mike just give you a quick rundown.

Mr. Leathwood: Sure. You know, I think that in many communities it's probably about a 95 per cent occupancy rate, but we are seeing pockets of facilities – and some of our seniors' lodges come to mind. You know, older ones with smaller rooms are seeing higher vacancies because they're just not meeting the needs of the current client groups. As Minister Weadick has pointed out, we're working with our partners to do things like renovate and convert smaller rooms into large rooms and make them more appropriate. But when you look at the big centres, Edmonton and Calgary, those organizations have long waiting lists, and, you know, as soon as they can turn units over, maintain them, clean them, and get them up there, they're typically occupied.

Mr. Wilson: Great. Thank you.

Moving on to page 177, looking at capital plan spending around the Alberta Social Housing Corporation, it's an increase of \$72 million, going from \$65 million in the 2013-14 budget to \$137 million this year. Can you comment on that increase and compare it? It's interesting to me as well because it is \$13 million that was spent the year previous.

Mr. Weadick: Sorry. Which page?

Mr. Wilson: Page 177.

Mr. Weadick: Mike, if you could maybe just give a quick specific answer on that one.

Mr. Leathwood: Yeah. Actually, the \$13 million is the first year that we started to invest in our portfolio again. That's when the grant program stopped, and we started to invest in our portfolio. The investments started from approval to spend the \$260 million cash in retained earnings sitting in the Alberta Social Housing Corporation bank account or replacement reserve or reserve fund, if you will.

We started spending slowly on the portfolio, understanding that, you know, with the components, as was mentioned by Minister Weadick in the opening comments, we're spending money to improve buildings, to regenerate buildings, and to replace buildings. Improvements include things like windows, doors, roofs, boilers. By the time you do the specification, do the tender, award the contract, and get the contract started, our spending starts to ramp up.

This year, with the \$137 million, the big jump – actually, it's a big jump because we committed to a number of projects in the last year, major capital projects. We committed to six rural seniors' lodge renewal projects last year of \$40 million. We're just going to start seeing the spending this year. We have about \$50 million in capital improvements to the existing portfolio. Again, while we committed the money last year, by the time the specification is done, the tender is done, the contract is awarded, and you start spending it, now we're starting to see two years of planning starting to really ramp up and spend as projects are being built and major work is under way.

Mr. Wilson: Thank you.

Okay. Moving into municipalities, city charters, help me understand your vision for the city charters. Where is this going, in your estimation, in your time as Municipal Affairs minister?

Mr. Weadick: Well, you know, I've spent a lot of time over the past couple of years talking to municipalities, and that includes both

our two large municipalities and also our 20-odd mid-size cities, which are actually seeing incredible growth pressures as well, cities like St. Albert, Leduc, Lethbridge, Cochrane, Strathmore, Okotoks. These are communities that are seeing incredible pressures as well.

Clearly, we're having incredible discussions around: how do we deal with some of these growth challenges? I know what we have done to date. We have an MOU signed with both of our large cities. We've also suggested that for any of our mid-size cities that see similar challenges, we're going to offer them similar solutions.

Mr. Wilson: Will that include taxation power?

Mr. Weadick: The goal of discussions around charters really isn't about taxation because all of us understand that there is one taxpayer. It is about: how do we get the best value? How do we deliver the services in that community the absolute best way we can? Who is best to deliver it? How do we get it delivered? Some municipalities have talked about a need for more sustainable funding or different types of funding sources. Others have said that they believe they probably have enough funding but need to make sure that they have other things dealt with so that they can apply that funding effectively.

I don't think that there is a one-size-fits-all. That's why, as we work through the charters, as you call them, for the two larger communities, they each have very specific, unique issues and needs. But, as I said, as we work with the Leducs and the Fort Saskatchewan and the Strathmores and the Medicine Hats, we see that they also have some unique issues and challenges as well. So a lot of this will . . .

4:30

Mr. Wilson: So – pardon me – are you planning on . . .

The Chair: Sorry, gentlemen. If I can stop you there. You have another 20-minute segment, so you can resume this line of questioning.

How would you wish to carry on, sir?

Mr. Wilson: We shall go back and forth again.

The Chair: Fantastic. Please proceed.

Mr. Wilson: Thank you, Mr. Chair. Are you suggesting that you would be willing to negotiate a charter with every mid-size city, or is it just Edmonton and Calgary?

Mr. Weadick: Our charter with our municipalities is our Municipal Government Act, and it's fully under review right now.

Mr. Wilson: Right.

Mr. Weadick: I believe that we will be putting a lot of discussion and thought in. As you know, we're in the middle of meeting with our communities. We're looking at things around development, how development occurs, how mill rates are handled in various municipalities. We're looking at things around governance within communities. We're looking at things around what things municipalities can charge for and how they do it. So all of that is up for discussion. As we develop the new MGA, which will probably carry our municipalities forward for the next 20 years, I believe that a lot of these things will be part of that discussion and, ultimately, part of that document.

Mr. Wilson: And timelines? Your previous minister had suggested that amending legislation to the MGA could be tabled as early as next spring. Do you share that goal?

Mr. Weadick: We have always said that the goal is to have this in the Legislature in 2015. It would be my preference to have it in the spring of 2015, but that's the goal that we have now. We're working as hard as we can with municipalities – they have been extremely helpful – AUMA, AAMD and C. So, yes, we're going to keep pushing as hard as we can, and if at all possible, we'll have that legislation ready for then. But completing the discussion papers and doing all that and then creating the legislation around it also does take some time and work. So we'll do that, and I'm sure you'll be part of that out there.

Mr. Wilson: Well, thank you.

The timeline around city charters. I know that your two big-city mayors have been asking for this and about this for quite some time. You mentioned the MOU. Do you have a timeline, and – forgive me for having to ask this – do you have a mandate to move forward with those city charters yourself?

Mr. Weadick: You know, the government set the goal of completing those charters. Nothing has changed. We're moving forward just as quickly as we can. I expect that we will be putting the framework together in the next very few weeks with the two cities and then moving forward towards what legislative changes would be needed to allow that framework to work. So, yes, we'll be moving fairly quickly on this one.

Mr. Wilson: Great. Moving to regional collaboration, goal 1, priority initiative 1.3, support transformational change for municipalities by providing a broad suite of options for effective regional collaboration, what specifically are you referring to?

Mr. Weadick: Well, we have a lot of municipalities here that have had very strong collaborations, and we have seen incredible success. Probably one of the most successful things we've seen is getting water to most communities. If you look at some of the water co-operatives in central and southern Alberta that have fed incredible numbers of small communities, have taken water to individual farms and ranches, have created opportunities for families to stay on the family farm where they may not have been able to otherwise – I mean, I've got five pages here of regional collaboration programs that have occurred; you know, everything from regional waste management, municipalities working together on waste, to municipalities working together on water and sewer. The city of Lethbridge provides water to many of the communities around it and is also now starting to take waste water back into the community for appropriate treatment. So these are the kinds of things.

[Mr. Anglin in the chair]

But we can also get very creative. We have towns that are looking at sharing CEOs or sharing certain pieces of equipment that, you know, maybe you don't need two of; snowplows, for example, or other things where they can be shared between communities. Stirling, Raymond, Magrath, and Cardston have often worked well together. For example, for a number of years Raymond managed the water treatment plant in Magrath. The town manager in Raymond was also the town manager for Stirling. So they are finding ways where you don't have to dissolve your community to create effective partnerships that may actually allow you to keep your community and your individuality.

You know, we've got wonderful communities here, and I don't believe that just regionalizing everything is the answer. Helping communities make the determination of whether they want to stay

unique and find unique ways to partner or whether they want to work more closely with their regional partners is something that they should be deciding. My goal is to create the tools that allow them to come to me and say: "You know what? We think we can work together, and this is how we think we can do it." We can give them some money to look into it. Now with the funding in place, with the \$50 million, we'll actually be able to step to the plate and help them fund some of those projects. So very exciting.

Mr. Wilson: Right. Good. Now, had you been the minister that wrote this budget, would that have been a higher amount of money put forward to incentivizing collaboration?

Mr. Weadick: No. I believe we have a number of goals and targets. MSI is critically important to all municipalities. The collaboration piece: we may find more demand, and that's something we'll look at as we go forward. If municipalities start coming back saying, "We believe there are more things we can do," as a government that's something that we would support. You budget for an amount that you believe you can do. We're happy and excited to see that coming.

The flip side of that is that we are moving money away from operating dollars. In the larger centres that's less of an issue, but in smaller communities I'm hearing some comments that: hey, you know, in a small community even small amounts of operating dollars can help keep your curling rink or your ice arena open or some of those kinds of things. We need to also still be mindful that there are differences between communities and that there are needs for operational support in some communities. As minister I plan to continue to work with those municipalities to see what options we might be able to do.

[Mr. Khan in the chair]

Mr. Wilson: Great. I noticed that in this year's budget you're now taking that basic municipal transportation grant and almost folding it into MSI in some way, shape, or form, which strikingly resembles our 10-10 community infrastructure transfer. Seeing as you're new to the ministry, perhaps I'll take a moment to just enlighten you as to what it is that we propose to do with funding municipalities.

The one thing that I've heard in my time as the critic and/or advocate for Municipal Affairs here in the Official Opposition is that municipalities are looking for stable, ironclad block funding that they have autonomy to spend how they see fit. That's why our plan would take 10 per cent of tax revenue, whether that be property tax, corporate tax, fuel tax, tobacco tax, and then divvy that up. We're engaging with them around a formula that would probably look something similar to what the MSI formula is right now.

I'm just wondering if your move to combining these is in the same sense, where you're recognizing that municipalities are looking for more stable, more long-term, more ironclad block funding.

Mr. Weadick: You know, we made a commitment to fund municipalities and to provide sustainable funding, and that was made by Premier Stelmach about six years ago. MSI grew out of that, and the commitment was made to support municipalities, but we have a bunch of other grants across the government. What we found was that there are many, many grants and that the application processes are very difficult, especially for small communities.

Mr. Wilson: Absolutely.

Mr. Weadick: I believe it's 17 grants that have started to disappear. The dollars stay but are getting rolled in. This is a real good-news story, where a municipality now applies once. They don't have to apply for two.

Mr. Wilson: Yeah. It sounds just like our plan.

Mr. Weadick: They get stable funding. It's not a percentage of something, but it's a known dollar amount that they will receive each and every year. There's a three-year window so they can see exactly what it will be. So it's the kind of commitment – this was also in response to results-based budgeting, which we brought in, which was to try to squeeze the best value out of every tax dollar. What it means is: how do we get those administrative savings and keep the dollars flowing to the municipalities? That's what this is all about.

Mr. Wilson: Sure. Well, allow me to explain one other element of our program. Being that it's 10 per cent of taxpayer dollars, one of the things that your government often reminds Albertans and us is that we are a growing population. It's very rare that with that growing population you also, I guess, inform everyone that that resulted in \$872 million in additional tax revenue. The reason why we would choose tax revenue and have that be a rolling average as well is because we recognize that as our municipalities are growing, so is the province. Yet when MSI is remaining somewhat stable – it's not nearly as high as what Premier Stelmach nor former Premier Redford had promised that it would be – we would be giving additional revenues to the municipalities to fund their growth through that program using those additional tax dollars. Can you comment if you would see value to doing that, something similar, in your time as minister?

4:40

Mr. Weadick: You know, when people come here, they do generate extra tax potential. Sometimes it takes a year lag by the time they've moved and gotten employment and been able to file taxes, so there is a lag. But the other thing is that it brings increased costs. We see people with disabilities coming with their families. We see children that are going to enter school, which means there will be increased demand on schools. If you have 20,000 new students, you have to have classroom space, teachers, those kinds of things. So although they bring tax revenue, there are also the associated costs of all of those families.

Mr. Wilson: Many of which are downloaded to municipalities currently.

Mr. Weadick: So many of them are supported in partnership with municipalities by the provincial government in a number of ways. Health care is a good example. We see use of the health system continue to increase, people coming here. Because we have such a high-quality health and education system and really good support, some people see Alberta as a real place to come and create a new life. We believe that's great, but it does continue to create growth pressures.

So you have to balance the costs with the incomes that also come. We work very closely across the ministries to ensure that we can try to provide, and that's why we're building the new schools, renovating schools. As you know, across the province you've seen some of the announcements around schools. There is the ongoing pressure to continue to provide those spaces. Especially, you'll see that some of those fast-growing communities are in those mid-size cities, again like Airdrie and Strathmore and others.

Mr. Wilson: Sure. Okay. Moving on to line 7.5, the new homebuyer protection program is receiving an increase of \$1.3 million over last year and an increase of \$2.8 million over the 2012-13 actual. Could you help me understand what's happening there?

Mr. Weadick: Yeah. Absolutely. This is largely a self-funded program. Every builder pays a \$95 fee to be part of the new homebuyer program, and if you're an independent person building your own home, then you pay, I believe, it's seven hundred and . . .

Mr. Wilson: Fifty.

Mr. Weadick: . . . fifty dollars. That money will flow in from that, and this budget number is then the cost of having that program delivered and managed through Municipal Affairs. So it's really a self-supported program, and it's ramping up because this is the first year. The program just came in in February, so we just had a very small part of last year. Now we're going to get our first full year, and then we're moving into full operation.

Mr. Wilson: Understood. Thank you.

Can you comment quickly on that difference between the \$95 and \$750? What is the additional burden on the system that will require the difference of \$655?

Mr. Weadick: Yeah. If I could maybe get Mr. Moore to comment.

Mr. Moore: Ivan Moore, assistant deputy minister, public safety division. The difference in the fees charged is based upon the amount of work required to support the individual. The \$95 fee is for professional builders who basically register themselves, and they're certified in our registration registry by the warranty company they've engaged with. Their fee pays largely for sustaining that IT system and the core staff just to keep the wheels on the wagon, if you will.

The \$750 fee that's charged to owner-builders is charged to folks who intend on building their own home. There is substantially more work associated with that, including at least one site visit by one of our compliance officers to verify that they are operating in compliance with the requirements. That fee was actually established on the basis of standard sort of charge-out rates around what sort of effort was required to support that particular application.

Mr. Wilson: Thank you.

Line 2.3, grants and education property tax, has \$468,000 in capital spending. Can you help me understand what that is used for?

Mr. Lemphers: My name is Anthony Lemphers, ADM, corporate strategic services. That's the IT costs related to the various IT systems we have to manage the grants.

Mr. Wilson: Great. Nice and easy. Full-time employees. We are up 148, or 27 per cent. How many of them are management? How many are front line?

Mr. Weadick: They're all flood, mostly.

Go ahead and give the breakdown.

Mr. Whittaker: I can give you the breakdown. The bulk of them are flood related. The issue of how many are management versus how many are not I don't have at my fingertips, but of the 148,

118 are specifically related to the flooding. The others are spread through various things like 911 call centres, some of the other pieces that we've been talking about with respect to the Social Housing Corporation.

Mr. Wilson: Okay.

Mr. Whittaker: But I don't have the breakdown of management.

Mr. Wilson: Fair enough. If you could respond in writing at some point, that would be appreciated with that answer.

Regarding the individuals that are brought on specifically around the flooding, how many of those will continue beyond this year? Is that going to become, I guess, a bureaucracy-building initiative?

Mr. Whittaker: It was our intention when we sought the 118 additional positions that those would be for a two-year cycle, and that was the proposal that we took that was approved by cabinet and Treasury Board. I think we will reassess at that point, but it's not our intention that these are permanent and forever.

Mr. Wilson: Great. Thank you.

Regarding the results-based budgeting process how did this impact your full-time employees outside of the 148 we just discussed? Was there a net difference? Did you find efficiencies that resulted in actually reducing your full-time employees through that process?

Mr. Whittaker: Sorry. From the results-based budgeting process?

Mr. Wilson: Yes.

Mr. Whittaker: I believe what we have done in absorbing the Transportation components is that we are absorbing roughly five FTEs from Transportation. So we're doing that and adding a handful of additional staff.

Is there a net negative right now? No, because we've essentially absorbed the basic municipal transportation grant as is, with its existing formulae. The net savings could conceivably come once we move these grant programs onto sort of a common platform. What we did in absorbing them at this point was that we absorbed the pre-existing platform.

Mr. Wilson: Okay. Priority initiative 1.8, promote an assessment and property tax system that is accurate, predictable, fair, and transparent: any plans to change any of your assessment practices and/or, particularly, linear assessment?

Mr. Weadick: At this time we are not proposing any changes to that. Part of the discussion around the MGA, though, is around funding and sustainable funding for municipalities, so I believe that probably, as we continue through this process, you will hear discussions by municipalities about a number of ideas that they may have. We're meeting with them to see what a sustainable community over the next 20 or 30 years really looks like, what programs or opportunities are needed, what flexibilities may need to be created to allow municipalities to deal with some of the ongoing issues. They could be environmental issues, many types of things.

That's why I say that it's really hard to settle. What we want to have is a tax system that is fair, that is sustainable, understanding that it's going to be based on, once again – as you hear quite often, there's only the one taxpayer. No matter what level of tax they're paying, it's just the one taxpayer, so we want to make sure that the dollars collected are as effectively used as possible, whether it's at the municipal level or the provincial level. We're going to

continue to work with our partners to find how we can create those efficiencies and continue to work with that.

Mr. Wilson: Great. Priority initiative 1.4, providing funding to municipalities through the municipal sustainability initiative to assist municipalities in meeting their strategic long-term infrastructure needs. Can you help me understand where the additional funding for the valley LRT line in Edmonton came from after the budget was released? I guess it was a few days after that came out.

Mr. Weadick: Yeah. I'm sorry. That was a transportation grant issue, so I don't have an answer for that.

Mr. Wilson: Okay. Fair enough. Performance measure 1(b), talking about municipalities that have failed to meet the standard for financial accountability: are there any that are consistently delinquent, I guess, in this regard?

Mr. Weadick: I'll get you a technical answer in just a second. Right now we have a process where if a municipality doesn't feel that they're sustainable, we'll come in and work with them to look at what some of the options might be. That process then looks at financial viability as one of those issues, and often financial management is a piece of that, so we do provide some services like that to municipalities and some support services as well. But I can't honestly tell you if we have municipalities that are consistently in – Gary, if you could maybe just give a quick introduction.

4:50

Mr. Sandberg: Good afternoon. Gary Sandberg, assistant deputy minister of municipal planning, governance, and legislation. The measure for meeting that performance measure is actually a very basic one, and it is municipalities meeting the legislated requirements in the Municipal Government Act such as filing their financial information returns on time. There are about three of those kinds of measures.

The Chair: Mr. Sandberg, I am very sorry. I'm going to have to stop you there. Perhaps we can come back to that through a further line of questioning.

Mr. Wilson, thank you very much. Minister, thank you.

At this juncture, folks, if we have everybody's blessing, perhaps we could take a quick five-minute break, and we'll resume in five minutes sharp.

Thank you all very much.

[The committee adjourned from 4:51 p.m. to 5:01 p.m.]

The Chair: Welcome back, everybody. Thank you for coming back. We shall carry on. Again I'd like to thank Mr. Wilson for by and large keeping the line of questioning and the conversation in line with the 2014-2015 budget estimates documents as well as the business plan. I trust Ms Blakeman will do likewise as well as every subsequent questioner.

Ms Blakeman, you have the next 20 minutes. How would you like to proceed with your allotment of time?

Ms Blakeman: Unfortunately, because it is only 20 minutes, I'll have to do 10 and then get the minister to respond either now or in writing to follow up. It doesn't work to go back and forth.

The Chair: Very well. Please proceed.

Ms Blakeman: Thank you. Minister, during your opening remarks you talked about building capacity and resiliency in the

community using money from – and I didn't catch whether it was flood mitigation or flood recovery. Where is the mandate to do that? If you're mandated to use the money for flood recovery or mitigation, where is the mandate, then, to use it for capacity building and resilience?

Next question. Under vote 2.3, which is the grants and education property tax, I have some very irate senior citizens who were actually calling yesterday and today as they have just discovered that the government's mitigation measures to achieve equality, if I may quote the minister, actually come out to a loss of the credit or exemption that seniors were able to apply for, and as a result seniors are now paying more on their education property tax than they were before. Somebody is shaking their head. That's good news. I'd like to report back to my seniors that that isn't happening, so I look forward to what you're going to tell me.

Moving on to the issue of charters, can I just get clarification? Will there be separate charters for Edmonton and for Calgary, which will bring those two cities out of the MGA? Question 2 on that is: are you planning on changing the MGA to offer additional tools to the other 20 small cities, or are you creating an additional charter for them either inside or outside the MGA?

On page 174 it looks to me like there's actually less money for the municipalities overall. We had the original promise way back when that the MSI money was going to end up being \$11.3 billion over 10 years, I think, and the government has never come up to the amount they said that they were going to. So at this point the 2012 promise was that we were going to be at \$1.4 billion, actually in 2010-11, and we still haven't hit that mark in 2014. We're getting \$901 million, which, in fact, as the minister points out, is actually \$871 million plus the \$343 million from another grant program that's been rolled in here. So it's a bit of creative prose to say that MSI is now \$1.2 billion. In fact, it's \$871 million plus the grant that they had before. It's not new money. They don't actually seem to be getting more money. When I look at the 10-year plan, there's no way we're going to hit that. So is the government still planning on forwarding to the municipalities the full \$11.3 billion? I know that the government has now extended that through 2023. Are there any mitigation plans in place to deal with those municipalities that were encouraged to borrow based on that money and did borrow and are now having to borrow the money for a lot longer than they thought they were going to have to borrow it for?

I'm also looking at additional revenue for Edmonton and Calgary and the other municipalities. Now, the Wildrose has talked about their 10-10 plan. I have talked about redistribution of the linear tax, or industrial property tax. One way or the other, what is the government going to do to get more money to the municipalities that is something concrete that they can count on? So far what I'm seeing is actually less money.

I'm wondering about flood insurance. The Insurance Bureau of Canada had made a proposal to the government about providing a flood insurance plan. I'm wondering what the ministry's response is to that and whether there's any money in this budget that is allocated to administering that or to planning it or moving it forward. If so, how much?

On page 172 we have the municipal collaboration money, and again this is looking like some fanciful prose as well because I'm hearing that the MSI operating money, which is grant 3.1, is going to be transitioned into the Alberta community partnership money. Now, on the partnership money, which is grant 6 right now, it's gone from \$23,209,000 to \$48 million, so an increase of \$25 million. Question 1: where did the \$25 million come from? Was it moved from any other program in here, or is it an absolutely new allocation to the department? Question 2: is the plan, then, that the

\$30 million is actually part of that \$25 million and we'll end up \$5 million down, if you're following my line of reasoning there? I've heard enough now that I'm starting to think that that might be the thinking that's going on here.

I do have a couple of questions on LandLink. The first one is: what lessons did the government learn that made them think that renewing the contract wasn't necessary or desirable and that it would be better done in-house? I think we'd all be interested in what those lessons were. I'd also like to know who decided to end that contract and when they decided to end that contract. That's important timing, I think. Finally, there had been a promise from the previous minister – I'm wondering if this minister intends on honouring it – that the contract for LandLink would be released in full. I would like to know if that's actually going to happen.

In vote 12, which is the disaster flooding, can the minister talk about the land acquisition process for any of these flood mitigation projects that are going to go on? Particularly, I'm thinking of the Highwood River diversion. Are those projects considered critical infrastructure, and will that trump property rights? I'm interested in how that is going to play out. Put another way, what right are landowners going to have to fair compensation on their property if it is seized to be used for a mitigation project of some kind or a flood diversion project?

The city of Calgary had the Jacobs report commissioned, and that report suggested that the province would be allocating \$2 billion for flood mitigation and resiliency funding. Is that, in fact, going to happen? I'm getting eyebrow answers from the associate minister, so I'm looking forward to how that translates into words. Thanks for letting me go off on the flood mitigation stuff.

5:10

Back to LandLink. I have those questions buried somewhere else. Oh, no. I did ask them all. Sorry.

On page 180 there is an amount of money that is showing up that is very high. Right at the beginning on page 180, Ministry of Municipal Affairs operational statement, 2013 Alberta flood assistance is \$2,443,000,000. That's what the ministry expects to spend in the year that we've just passed. There's nothing that shows up on the same line for an estimate for the 2014-15 budget, and I am struggling to find the money that was talked about, the advance from the federal government of \$500 million. Where is that in this budget? It's not in here? Okay. Maybe you could tell me why. When does the government expect to get the rest of the money from the feds?

The Chair: Ms Blakeman, I'm going to have to stop you there.

Ms Blakeman: Yeah. That's it.

The Chair: Thank you very much for that line of questioning.

Minister, we'll turn it back to you and your team for a 10-minute reply to Ms Blakeman's questions. Please proceed.

Mr. Weadick: Thank you. Yeah. I'll try to hit everything I can.

About building capacity and resiliency: there are a number of pieces to that. Part of it is mitigation. One of the things is the mitigation measure we're taking in all of the homes in the flood fringes. It creates resiliency. It'll create much less damage if there is a flood. It will create homes that can be easily accessed because the furnaces and the electrical panels are not in the basements. It creates finishes in the basements. These are required if you want to be available for DRP and you're in a flood fringe. The finishes you can use in the basement have to be things like tile and nonporous insulation. It's somewhere between \$8,000 and \$15,000 per home, we expect, to make these changes.

There's more beyond that, but that's what we talk about with creating resilient communities: much less impact on the home, much less need for people to move out. If your electrical panel is upstairs and all you have to do is switch off the two that are in the basement, you can be upstairs and still cleaning your downstairs and getting it livable again as opposed to if your furnace is gone, your hot water tank is gone, your electrical panel is gone, it's all submerged, and you can't even get into your home to do the work you need to do. One of the pieces that helps to create resilient communities is having facilities and buildings that can't be damaged as easily. That's one piece of it.

There are other pieces around some of the mitigation measures that municipalities are doing, like some of the berming that's being done in High River right now. But resiliency can be something as simple as what we did in Black Diamond and Turner Valley. They had some damage to a waterline, and as opposed to just replacing that, we enhanced it so that it could provide some other future opportunities, so creating more resilient communities.

The charter clarification. No, there won't be separate charters for all the small communities. Right now the MGA is our charter with all of our municipalities, but we are looking at what we can do with the two big cities to make sure that they can deal with the specific challenges they face, especially around growth, and they're coming together to look at what that looks like from all sides. We'll continue to work with them because this is their need for a charter. These are the rules that they think they need in place to allow them the flexibility or the ability.

One example comes to me just off the top of my head. Mayor Nenshi approached me and said: you know, Greg, we've got a site in Calgary; it's a site that has some environmental challenges, and because it falls under Environment's bailiwick, we have no ability to go and clean it up as a city. He said: we have the horses to do it, we have the desire to do it, but it's not in our ability to do it. He said: we need some flexibility; if there's something within our community like that, that we believe could be cleaned up, we need to maybe have the ability to do that. That was just one that popped up when he and I were chatting that may create some opportunity.

Additional revenue for cities. I mean, some cities are talking about the challenges of long-term revenue, and they are looking at what sources might be appropriate. We have heard discussions from some cities around some changes in the off-site levy area. Nothing has been determined. We're going to continue to work with our municipalities, but we've heard cities talk about: could we have possibly an off-site levy that would help to fund the capital expenditures around fire halls, that are needed within these communities? Is that something that would be doable? We're sitting down with them – we've got to have fire services in our communities; we've got to have these kinds of things – to look at: what are the impediments to being able to deliver it, and what can they do?

Linear tax. No, that isn't on the table. We're not selectively picking taxes from any one group or community and trying to divvy or share it up. We are going to continue to look at, through the MGA, discussions on all of the revenue sources that we have and how we best make sure that municipalities can provide the services they need. If you look at many of our rural municipalities, they're struggling. There are a few that have some pipelines in their communities or some linear assessments that do help support them.

What we're starting to see more and more of is real partnerships developing between the rural municipalities and the urban municipalities in their area, joint-use agreements, sharing agreements, cheques being written to build facilities – we've got pages of them – where municipalities are coming together and

working together to provide what they believe their citizens need. It's been a very positive process to date. I know some folks are always looking for the easy fix or the easy dollars, but they're not necessarily there.

LandLink. Lessons learned. When you have the largest impact ever happening in Canada, when you have 12,000 homes impacted or when a hundred thousand people are put out of their homes, we just realized that the process that we had in place did not give us the flexibility, the ability to ramp up fast enough to deliver the services we need. We're going to go forward and look at what options we might be able to create so that we can have that larger capacity more quickly at our fingertips. We're going to look at whether that looks like some type of a contracted position, whether that looks like an in-house solution, or whether it looks like a combination of those two. Yes, we have learned a lot from this and will continue to as we go forward.

Land acquisition for mitigation projects: it's the normal process that we would have to use for any other land acquisition in the province. There are processes where, if expropriation needs to be used, there are fair compensations. The courts are always the final arbiter of any of that. All I can say at this point is that we have not gotten to that stage, but I assume that there will be mitigation projects where there will be negotiations with private landowners. We will have to sit down and work through those the same as with any other project, whether we're building a road, a dam, or any of the other facilities that we need in this province that do impact private landowners.

I don't know the Jacobs report, and I don't know anyone behind me that does. What I can tell you is that there will be significant investment. It isn't going to all happen this year. We are going to look at every mitigation project. We're going to look at the best bang for the buck to make sure that we can get good value in the mitigation strategies. Don't forget that we have had an impact in one part of our province. I was just talking to one of the members in the room here during the break who said that they've got a huge snowfall that's very deep in another part of the province. We don't know where the next event is going to strike, we don't know what's going to happen, so we need to be able to continue to work with all municipalities on resiliency and flood readiness.

As of right now we're working through the process of the flood-impacted communities, getting them back on track, getting them right, getting them whole. We're also talking to other municipalities like Red Deer, like other municipalities downstream, and saying that we need to be talking about what a plan for resiliency or for potential flooding in your community might look like as well. We're in this for the long haul. This funding isn't going to all flow this year or next, but there's going to have to be an ongoing process where we can continue to work with the municipalities to come up with those solutions.

5:20

You mentioned the \$2.443 billion. That is the money in total that we are expecting to get from the federal government. It's been booked in the year the event happened. We have received \$500 million of that, but we expect that over time that will flow in. Now, don't forget that we still have some outstanding amounts coming in from five, six, seven, eight years ago from other events, so it takes some time.

What the Alberta government has been really good at doing is managing their disaster relief programs very well – keeping appropriate records, working with the federal government – so because of how we run our program, we consistently get one of the highest amounts across the country in federal support for our disasters compared to some other provinces, where they tend to

receive lower amounts of support. We are very diligent about how our programs are operated, so we are expecting to receive that amount of money in support of the province, and then as you've seen on the cost side, in one year we booked what we believe will be our cost. Did we spend it all that year? No, we didn't spend it all last year. We'll spend it probably over three, four, five years, but we booked it in the year of the event, both dollar numbers. So that's what you'll see in the budget.

I'm going to turn it over to the deputy minister – he was keeping some notes, too – just in case I might have missed something. I'm talking as fast as I can because I'm trying to cover everything.

Mr. Whittaker: Thank you, Minister.

Ms Blakeman, two other points. One was on the changes in MSI over time and whether municipalities may have borrowed against that. Only one municipality has asked to use MSI to cover their interest costs, and we approved that. That was Calgary.

The Chair: Mr. Whittaker, unfortunately, I'm going to have to stop you there. Perhaps the rest of your detail may come out in a further line of questioning.

Thank you, Ms Blakeman, again, for honouring our practice here of keeping the line of questioning to our budget documents for the 2014-2015 year. I trust that Mr. Bilous will follow suit with those who have set such a great example.

Mr. Bilous, you have 20 minutes. How would you wish to proceed with your allotment of time?

Mr. Bilous: I prefer to go back and forth with the minister, but before we start the time, I have a quick question.

The Chair: Sure.

Mr. Bilous: As far as my notice of amendment, would the chair prefer that I do this at the beginning of my 20-minute allotment?

The Chair: We don't really have a preference, Mr. Bilous. It's entirely on your time.

Mr. Bilous: Okay. Well, then, maybe I'll do it at the beginning just to ensure that it gets read in, and then we'll go right into questions.

The Chair: Okay. Very good. Please proceed.

Mr. Bilous: Thank you very much. I move that the estimates for the associate minister's office under reference 1.2 at page 172 of the 2014-15 main estimates of the Ministry of Municipal Affairs be reduced by \$286,000 so that the amount to be voted at page 171 for operational is \$422,949,000.

Ms Blakeman: Sorry. Do you have a vote number on that, the associate minister's office?

Mr. Bilous: I didn't keep a copy in front of me.

Ms Blakeman: Thank you.

Mr. Bilous: Thank you.

Okay. Now, Minister, we'll begin, and we'll leave that to be discussed at another time. I just want to begin by making a bit of a statement, and then I'll get into some questions. You know, for myself, it's been quite clear, in listening to our mayors recently around the province, be it our big-city mayors dealing with the lack of the charter and the movement on that and LRT funding or our mid-sized cities dealing with EMS dispatch and Bill 28 – I

would like to point out that the NDP first raised the alarm bells about it before it got sent back to be amended – that this current government has had quite a paternalistic attitude toward municipal orders of government. You know, most recently we saw the release of documents regarding the former Premier's suite in the federal building that show that the government goes along with municipal development permits as a courtesy and is more willing to play the trump card and completely disregard them where they want.

There is a concern at our end with the MGA review that there are lots of consultations but that nobody is actually listening. The biggest issue that seems to be coming up is the need for flexibility so municipalities can have more control over organizing their own affairs. Now, a big part of this is a need to expand revenue powers for municipalities. It seems quite clear that as our cities grow and provincial funding remains stagnant, they're struggling to afford new things like fire halls and community halls.

One of the big changes that's been called for by the AUMA and the AAMDC and both of our big-city mayors is the expansion of off-site levies to balance out the development that's occurring, but it is noteworthy that nowhere in the business plan does it mention exploring additional revenue powers for our municipalities. You know, to put it frankly, Mr. Minister, Alberta's municipal leaders deserve to know whether they're wasting their time or if the government is planning to expand revenue options and provide greater powers in that respect. That's my first question to you, sir.

Mr. Weadick: That was a very long question.

Mr. Bilous: I'm a former English teacher. I can be quite long-winded.

Mr. Weadick: Just to take a step back, you suggested that the provincial government was paternalistic, and I'm going to take a bit of exception to that. I sat on Lethbridge city council in 1993, when the new MGA came out, that was brought forward by the province of Alberta, the most progressive MGA in the country. It gave person powers to municipalities and opened up the opportunities for municipalities to do almost anything they wanted to do. That was never a paternalistic document. It was a document that enabled municipalities to become what they want, and we have seen incredible success.

If you go back and look at what our province was in 1993 and look at our cities today, the vibrant cities of Calgary and Edmonton, the capital region and the relationships that have been created there, if you look at the development in and around Lethbridge, Fort McMurray, there are incredible things that have happened because that MGA enabled it to happen. I'll tell you what. We can be very proud that that MGA was here because had we had MGAs from some other jurisdictions, we wouldn't have the strong, vibrant communities we have.

What we want to do now is build on that. I've had more mayors and reeves come to me and say: "You know what, Greg? We've got a pretty damn good MGA." I like our MGA, but we do need to talk about some things. We do need to create. Some of them are in the areas of development. Some of them need some flexibility in the development areas.

The other one we hear in some rural municipalities is that they may need some other options around mill rates that they can charge because there are so many different uses on the land. You've got industrial uses. You've got different agricultural uses. You've got intensive livestock uses. So they're coming forward saying, "There may be an ability for us to have something other than just farmland as a potential and to have farmland, intensive

livestock, or some other designation,” where then as a municipality they can start to recoup costs on wear and tear on roads and those sorts of things.

Mr. Bilous: Minister, forgive me for interrupting, but I’m going to move past that. I want to talk specifically about CLEA for a second, and I’m glad you brought up mill rates.

Mr. Weadick: Okay.

Mr. Bilous: Last year in estimates I did bring this up, the fact that urban municipalities bring in about 6 per cent revenue from their share of CLEA, the combined low expenditure assessment, whereas rural municipalities bring in 94 per cent. Now, in 2010 the share of CLEA for urban municipalities was \$1.5 million; the share for rural municipalities was \$1.3 billion. To put it another way, CLEA revenue per person is about \$28 in urban centres and just under \$2,000 in rural areas. This disparity is a contributing factor for cities and towns taking on higher levels of debt and also struggling to compete with surrounding municipalities.

Now, when I asked the minister last year what he was prepared to do to address this gross disparity, the answer was vague at best, so I’m wondering: is addressing this disparity between urban and rural municipalities in regard to CLEA something that is on the table, and what are you going to do about it?

Mr. Weadick: Not on the table. I don’t believe it would be fair to pick one taxable item, pull it out of the mix, and then decide that that should be split up in some way. The reality is that most of the linear infrastructure that we have occurs in rural Alberta. The roads that allow them to get to that infrastructure to service it occur in rural Alberta. The beating on those roads occurs in rural Alberta. If there are any other spills or other impacts that can occur, that occurs in rural Alberta and requires the municipality to have a role in managing, maintaining, and taking care of that infrastructure. It is a big responsibility; it is a big job. To simply go in and say, “Let’s take that revenue away” but leave them with the costs of trying to maintain the infrastructure to service that would be, I believe, very unfair.

5:30

I have no interest whatsoever in picking and choosing so that maybe every shoe store in Calgary and Edmonton should kick in their taxes because people in rural Alberta wear shoes. I believe that our communities work together. We have programs like MSI, where we collect the money and then we put it back in ways that try to support some of those inequities. We work very closely with our municipalities to try to find models that take away some of the inequity and make sure that both our big cities and our small towns have an ability to fund the things that they need. So, no, I’m not interested in taking CLEA, not interested in splitting it up or giving it to anybody else.

Mr. Bilous: Okay. Thank you, Minister. I mean, in my opinion, there naturally are winners and losers because of the different revenue streams that the different municipalities have.

I want to switch gears real quick to touch briefly back on big-city charters. Now, just to get clarification, Minister: will there be a separate charter outside of the MGA for the cities of Edmonton and Calgary or not? The intention is that everything falls within the rewrite of the MGA.

Mr. Weadick: You know, that is probably one of the questions that we will be answering. I do not have the answer for you for that. I’m going to work with the two municipalities in question to

see what is needed within that charter. I think it’s always been envisaged that that charter could be a stand-alone because it may tie in more than just the MGA. It may have some impacts from Human Services. It may have some impacts in Environment. So I think there has always been a bit of an understanding that it would conform with the MGA but that it may be a stand-alone piece that could then bring in aspects of other legislation that need to tie in as well. We’re going to work with them and find the best tool. I’m not going to presume what that looks like today, but I am going to tell you that we’ll continue to work with them until we find the tool that’s appropriate for them.

Mr. Bilous: Okay. Thank you. My final comment on that, Minister, is that over 50 per cent of Albertans live in the two largest municipalities, and because of how unique they are, they do need to be treated differently from our other 347 municipalities. Again, different needs, and one size fits all, I think, is not necessarily the approach.

Because we’re running short on time, I’m going to jump to infrastructure deficit. Hopefully, your folks have some numbers. One of the acute challenges municipalities are facing is the vast amounts of infrastructure that they have on a very tight budget. Last year I’d asked for a current infrastructure deficit for Alberta’s municipalities. The number that we’re still working with at this point is actually from the AUMA. It’s \$26 billion over 10 years, something that obviously will continue to grow if it’s not addressed in the near future and ongoing. Now, the minister last year had said that he heard a range of numbers, that he was putting together a plan and a review process for municipal infrastructure deficits. I’m just wondering if the ministry has come up with its own infrastructure deficit numbers, and if not, what stage are you at in planning, and when will those numbers be released?

Mr. Weadick: I can honestly say that I have not seen a specific number of what the infrastructure deficit might be. I mean, within our housing portfolio we assess our housing, and we know what work will need to be done over the next number of years to maintain our housing infrastructure. We’re looking at it on an ongoing basis. In key areas part of education is going out and doing exactly the same for all of our schools and maintaining that so that we know the quality of our schools, we know where we need to do work, and we know what speed we have to do it at. So to simply say that there’s an infrastructure deficit – you know, a good example is that we’ve been putting pipe and equipment in the ground, sometimes expecting it to last 50 years, and it collapses in 30, but we have other products that we put in the ground, expecting them not to last so long, that are still working very effectively. So it’s a bit of a moving target. I know that doesn’t sound like – but what we have to continue to do is work with our municipalities to ensure that we have quality, adequate infrastructure, and they are probably the best to determine what they need. Like, when I was in Lethbridge . . .

Mr. Bilous: Sorry, Minister, if I can cut you off. I agree with you a hundred per cent. My question is, as it will be for the Education minister: as the ministry for the province, in my opinion, you should know from municipalities, from getting the numbers from them directly, what the total infrastructure deficit is, just like the Minister of Education should know what our infrastructure deficit is for schools.

Mr. Weadick: Well, the difference there is that the schools are ours. Municipalities own all their infrastructure. They manage it; they maintain it. We don’t go in and assess it. We don’t go in and look at it. Municipalities will discuss with us what they believe

some of their needs are, but we don't have a formalized process of trying to build it to a number that would say . . .

Mr. Bilous: So you don't collect the information from the 349 municipalities as far as their infrastructure deficit goes?

Mr. Weadick: I've never seen it. No.

Mr. Bilous: Okay. Thank you.

I'm going to change gears, Minister. Sorry; we're running short on time here. I just want to talk briefly about seniors' care facilities. Now, at the end of January, as you're well aware, there was a devastating fire at a Quebec seniors' home that led to the death of 28 seniors. Our first thought was: could a similar tragedy happen here, and if so, what can we do to prevent it in the province of Alberta? When our Health critic, Dave Eggen, and I began advocating for retrofitting seniors' facilities to ensure that they all have sprinklers – it does need to be noted that in Quebec the fatalities occurred in the older section, which did not have sprinklers – your department's message was: we've spent \$31 million in upgrading homes. We asked for the documents to back up the claim, and we've gotten very little. The only confirmed spending on sprinklers that we have access to is that there was \$90,000 spent, which is about 1 per cent of the amount the minister referred to.

I'm curious to know, first of all, how many seniors live in facilities without sprinklers. I can give you the fire chief's estimation, but I'd like to hear from the ministry first.

Mr. Weadick: We'll get that number for you, but every building that we've built since 1990 is sprinklered. That was when the building code changed. So whether it's seniors' care homes or other facilities across Alberta, typically if they were built before 1990, they won't have sprinklers. We have an incredible number of buildings that were built before 1990. So, yes, in many of our rural areas we have seniors' facilities built in the '70s and '80s that aren't sprinklered.

When we give funding to housing authorities or seniors' authorities to do retrofits, they meet the building code requirements that they have for that retrofit. Sometimes that may include sprinklers, and sometimes it may not, depending on the work they're doing. Some old buildings are virtually impossible to retrofit with sprinklers. Some communities that we've dealt with don't have an adequate water supply available there to – I mean, there are many issues that we try to deal with.

There is no simple, clear answer, but I think we all have the same concern. I don't think that there's a person at this table that wouldn't love to see every facility that has one of our seniors in it properly protected. We work closely with fire departments. We make sure that they're aware of the buildings. We work with the people that work there on exit plans and all those other things to make sure that we can do the best job that we can, and then anything new that gets built we're going to make sure is fully sprinklered.

Mr. Bilous: I appreciate that, Minister, but with all due respect, I mean, you know, if a facility maybe doesn't have the capacity for sprinklers, then I think the government needs to move on to a plan B because, again, leaving seniors in unsafe facilities I don't think is the way to go.

I'll come back to the breakdown in a second, but again I would very much like your ministry to share with the committee a breakdown of the \$31 million that was promised by the Minister of Municipal Affairs through the ministry, that was going toward upgrading homes, and how much of that actually went toward

upgrading sprinkler systems. I do appreciate that some went to other upgrades.

In your opening comments you mentioned an increase in the Alberta seniors capital funding from \$48 million up to \$107 million. I'm wondering, again, out of that money that's been increased, how much, if any of it, will be directly tied to sprinklers and retrofitting seniors' facilities?

Mr. Weadick: It is tied to retrofitting seniors' facilities. As we look at retrofitting any facility, one of the prime issues is safety. How do we deal with the safety issues? How do we meet building code as it exists today? So, yes, you will see facilities that will have those types of upgrades as part of the changes, but you'll also see where some of the facilities are just simply not doable, and we will be replacing them in some communities. The old facility will cease to house seniors, and we will have a brand new facility built that then can meet those standards. It's going to be a combination of those, but safety is one of those considerations on any retrofit.

5:40

Mr. Bilous: Okay. Thank you, Minister. My last point on this issue is other issues that came up during discussion of the sprinklers. You know, fire chiefs, Safety Codes Council, and a branch of Municipal Affairs are concerned that some seniors are being housed in facilities that aren't properly coded for their mobility issues. In case of a fire, obviously, there would be significant challenges getting seniors to safety.

Now, the fire codes council in a November meeting expressed a great deal of frustration that things weren't moving forward, and the Municipal Affairs housing division was said to be aware of the issue and saw a need to allocate funds to improve safety. I'm just wondering what plans the ministry has to address the issue. Have funds been allocated, and when can we expect to see them if they haven't?

Mr. Weadick: I'll give you that because it's fairly specific on a funding item. I'm sorry; I just don't have that answer.

Mr. Bilous: Thank you.

Mr. Leathwood: Could you say the question again? I'm just trying to follow.

Mr. Bilous: I'm just asking what plans the ministry has to address the issue. We're talking about facilities for seniors with mobility issues and ones that are converted into a seniors' facility but maybe weren't built and designed to be a seniors' facility and then if funds have been allocated and how much.

I just want to slip in here that I have one more section I want to get to before the end. If it's all right with you, I'll just read through this, and in whatever time is left over, I'd be pleased if you would answer it.

Mr. Weadick: We'll keep a note of that one. Go ahead.

Mr. Bilous: Thank you, Minister. I appreciate that.

One of the questions was that in the business plan, on housing, the only performance evaluation is the condition of housing facilities, and I'm wondering why the department isn't making things like reducing the length of time on the wait-list for social housing or reducing the number of people on the wait-list one of the performance goals.

Again, I'm going to jump to one more topic, then I'll turn it back over to yourselves. This is about the issue of urban drilling. Now, you know, our municipalities need to see a rational policy that accepts that our cities are growing and need room to expand

without being neighbours to sour gas wells. Now, the government has promised for years to create a new urban drilling strategy, yet because of the repeated failure to deliver, we've seen issues like Goldenkey in your riding, Mr. Minister, creating concerns for residents and playing havoc with urban planning and impacting real estate markets and the value of people's homes. It's not just about Goldenkey in Lethbridge, but it's also about this issue of urban drilling province-wide.

While we wait to see whether the government will deliver on this, can you tell us how many applications for drilling in urban centres are before the AER and how many wells are being planned in Edmonton, Calgary, Lethbridge, and other cities?

The Chair: Mr. Bilous, thank you very much for your line of questioning.

Perhaps, Minister, that line of questions could be answered in writing at some point in time. Thank you.

We now proceed to our independent member, Mr. Allen. Mr. Allen, you have 20 minutes. How do you wish for your time to be allocated?

Mr. Allen: Thanks, Mr. Chair. I'll go back and forth with the minister.

The Chair: Fantastic. Thank you very much. Please proceed.

Mr. Allen: Great. Thanks very much. First of all, thank you as well for coming. I'll echo the thoughts of many of my colleagues here that it's so great to see so many of your staff here as well. I commend the work that they're doing in every department. There are quite a number that I've had the opportunity to work rather closely with, particularly Mike Leathwood and Andre Corbould. Andre, I mentioned last night about the huge loss to Wood Buffalo, having you leave Transportation, but it resulted in a big gain for the rest of the province in the work that you're doing with the flood mitigation and recovery. Thank you for that.

My caucus leader and caucus whip have instructed me as the official independent Municipal Affairs critic to limit my comments to my constituency of Fort McMurray-Wood Buffalo, so we'll try to make this easy on you. My message to all of the ministries as we've gone through estimates has been consistent. It goes back to when I first got involved with municipal politics because of the frustration we were feeling as a community. Wood Buffalo seemed to be ignored by the province for so many years while projects were being approved and expansions were happening.

As everybody knows now, Wood Buffalo is sitting in the heart of the single-largest industrial development in the world. It is the nexus of, I think, a global tempest in what we're bringing forward for the province and, in fact, the country economically. As such, it wasn't until 2008 that we started getting some attention and started getting some resources there to deal with this colossal infrastructure deficit that we'd accumulated. Really, we do appreciate everything that's come forward since then in every realm, but it's only enabled the community to, we believe, catch up to about where we should've been in 2010. We just turned the page on 2014. So if I sound like I'm whining a lot, that's the background there.

With the infrastructure, in particular, MSI has become very important. But there's a feeling that the MSI is a cookie-cutter approach that's done on a per capita basis and is perhaps not adequate to deal with the infrastructure needs of our community. I wonder if you could just answer the question about how MSI is calculated, and over the long term is there consideration for specific strategic projects?

Mr. Weadick: Maybe from a calculation perspective I'll have Paul or our finance guy just give you quickly what the exact split is for urbans and rurals.

Mr. Whittaker: It's a very specific formula – 48 per cent education property tax, 48 per cent population base, and 4 per cent kilometres of roads – and there is a set floor for small communities, so if you are a very small community, you get a set amount: summer villages, 60 grand, and other communities, 120.

Mr. Allen: Okay. Good. Thanks.

My next question, moving on – you were probably expecting this – is regarding the education property taxes. I think when everything was happening, of course, there were four communities that were impacted, and those were the municipality of Wood Buffalo, Chestermere-Rocky View, Banff-Cochrane, and Waterton national park. When the first response went out to the AUMA last year when this was done, we were given the understanding that it was going to be two to three years. We were expecting probably a three-year plan to end the mitigation strategy.

But it also talks – and I wasn't quite understanding this – about an equalized assessment. This will be sort of the second part of the question. I'm wondering if the equalized assessment accounts for the difference in property values from, say, Edmonton and Calgary to Fort McMurray. Of course, the property values in Fort McMurray are about double what they are in Edmonton and about 50 per cent more than what they are in Calgary. Or are we talking about for every hundred thousand dollars of assessed value it's this many dollars in education property tax?

Part of the uniqueness of Wood Buffalo is that due to the lack of land released over the years, our property values saw exponential growth in a very short period of time. As we're trying to grow, every oil sands job – not everybody is making these high incomes – creates another three jobs in the community, support jobs. We need to attract families to come to work in the service sector and industries like that. What this has done, taking it over a two-year period of time, is that the average selling price of a home right now is \$750,000. That doesn't account for the average new home, which is \$900,000 to a million. So if we're talking about those same assessments, it's not \$400. There are people seeing \$700 and \$800 increases in the education portion of their property tax. My constituents don't object to paying their fair share of taxes. What they do object to and what we're getting a lot of noise about right now is the effective doubling of their education property taxes over a two-year period.

I asked last year your predecessor, I asked in my response to the budget, I asked you yesterday, and I'm going to ask you one more time. Will the minister consider phasing that in over a longer period of time and, I would expect, for the other communities that were impacted as well: Chestermere-Rocky View and Banff and Waterton?

Mr. Weadick: Well, just to clarify one thing. When we brought everyone up to a level, it impacted a lot of communities. The phasing was put in for those communities that, I believe, were seeing more than a 50 per cent increase in their property tax base or more than \$400 a year. So many, many communities saw increases. But if it wasn't that big, it wasn't phased in. If you hit a certain threshold, then it was phased in over the two-year period to bring it up to what you would call, I guess, fair market.

Now, from the perspective of how much you collect per home comparatively, I'm going to turn that over to somebody that's up on the tax portion of that.

5:50

Mr. Allen: Thank you. It's a comment regarding the equalized tax assessment.

Mr. Merritt: Mike Merritt, ADM of municipal grants and assessment. Equalized assessment is done by each community. It's to make sure that the raw assessment is accurate. We do it in-house, equalize the assessment between 95 to 105 per cent of what the assessments are to make sure it's equal across the province, so everybody is treated fairly.

In regard to the mitigation, it was for those municipalities that had an increase in ed tax of over \$400 on the average house. You're right; there were four communities. This year all four communities were below the \$400. Wood Buffalo was at \$330, Chestermere was \$120, I think Waterton was \$11, and Banff was \$100. So, basically, the mitigation did not need to go forward any further.

Mr. Allen: In response to that, Mike, what you're saying, then, is that it's the same dollars in taxes paid per \$100,000 of assessment in every community? That's what you mean by equalized?

Mr. Merritt: That's correct. Yes.

Mr. Allen: The general feeling of my community – when I moved there in 1993, I paid \$90,000 for my house. Today it's worth \$800,000. So, in essence, I would be paying – and I'm not talking about myself here; I'm talking about the constituents that are saying that if I've got an \$800,000 house, I can buy that in Edmonton for \$400,000, and I'm going to be contributing double in education property tax as what a parent there would be or any other resident.

Mr. Merritt: The situation was that with mitigation other parts of the province that basically had lower house prices were paying for the mitigation through the ed tax system. So by removing it, those in the high-growth areas are paying more because, basically, their assessment values have increased and the values of the properties are much greater. If that's an inequity, that is an inequity with the system of having higher property values.

Mr. Allen: Yeah. That's where the communities are coming from, that what's equal is not necessarily equitable, so we'd ask that that be considered during the Municipal Government Act review. Again, the concern and the complaint is that it's doubling their property taxes over a two-year period, putting additional cost-of-living challenges on many members of the community, and they believe that a longer period of time to phase that in would be more favourably managed. So please consider that.

Now we'll get into the flood a bit. Wood Buffalo was one of two communities last year that was identified as deserving special consideration in order to maintain our downtown. We appreciate that. Part of that is that in the throne speech the government said that you'd make a firm commitment to build community mitigation projects as well. In the 2014 budget our council – and these were municipal projects themselves – just approved \$160 million toward some flood mitigation work, largely for their own municipal development. My understanding is that there is an application that's proceeding or coming forward to Municipal Affairs for approximately \$190 million for flood mitigation down there. That is to comply with the 100-year flood requirement. There's nothing in Budget 2014.

I understand that the application would be over a series of years, so it's not an ask over one particular time. This is more of a heads-up that we would be asking. There's no funding committed for

Fort McMurray that I can see right now. But, there again, we do appreciate that the department was there with bells on when we had our flood. We didn't have the significant residential damage that we saw in southern Alberta, but certainly they were there to assist, and that was greatly appreciated. More of a comment there. You're not aware if there's anything in there for Fort McMurray that I'm missing in the 2014 budget?

Mr. Weadick: We have funding in place to do mitigation. We haven't broken it down by community. There's a budgeted number. We have applications. We will be oversubscribed, I'm sure, this year and next. There are demands on mitigation, but we will be looking at and prioritizing every project. When Fort McMurray's application gets in – I'm not sure if it will come to us or whether it'll go to ESRD. But when it does hit, it'll be gauged, judged, looked at on a priority basis – what are we protecting, what will it do? – and then the funding that's available will be looked at, and then we'll start to slot in the projects that are out there.

I can say that there is mitigation money in the budget, and I believe we already have more projects and communities looking for money than we actually have in this year's budget.

Mr. Allen: Okay. Great. I'm going to go really fast, here. This one I can talk about for hours and hours, you know, about Willow Square. This is the seniors' care and the seniors' facility. All of the Assembly is aware of this project now. Back in 2012 the ministry made a commitment that once the CMHC had transferred the land over, it would then be transferred to the municipality. Assistant deputy minister of housing Mike Leathwood attended a meeting last Christmas as well, where we understood there is money available through Wood Buffalo Housing & Development should they be chosen as the proponent to develop this facility. It's a seniors' village, for all intents and purposes. I just want to confirm that that commitment still exists. My understanding is that Infrastructure is currently in a process of trying to acquire that land by purchasing as opposed to leasing it. Once that purchase is done, would the transfer still proceed as soon as it's done?

Mr. Weadick: That's absolutely correct. That's the process we're in now. We're negotiating with the federal government. As soon as that's complete, then we'll be moving forward with it.

Mr. Allen: Great. Thank you.

Next, 2011. A lot of this is on taxation. The province did a realignment of some of the communities in northern Alberta, largely related to challenges faced by Cold Lake and the Cold Lake weapons reserve. Lac La Biche county was also involved. In fact, there were 20 townships that were carved off Wood Buffalo and given to Lac La Biche in compensation for the revenues that they were going to lose from transferring the weapons reserve. All of these boundary changes – there was a lot of discussion back then regarding the potential revenue sharing. That didn't occur, but what it did was that it left us with about \$60 million in annual taxes off our revenue. I heard yesterday, as well, that the mayor of Lac La Biche had some concerns about tax revenue that they're not getting now. It's more than they expected as well.

ID 349. The order in council is up for renewal this year, so my request is that the government re-examine that arrangement and restructure it so that we, too, are a beneficiary and that all will share this significant growth that's occurring in those 20 townships. The long-term potential is going to be, I think, a big win for all of the impacted as opposed to doing a specialized municipality like Wood Buffalo. The distribution has not worked out the way that I think that was originally intended in 2011.

Then going on, Alberta chambers also have requested an amendment to the Municipal Government Act so that as part of the budgeting process municipalities create a five-year financial plan. Minimally the act should ask municipalities to consider the policy, objectives, and principles established in the literature when making financial plans. Is this something that the ministry has looked at regarding the changes?

Mr. Weadick: I'm assuming that that will be one of the issues discussed during the MGA review because that's where that would be held. So if there's strong discussion or interest in that, then it would become one of the items we'd be talking about. Now, I haven't personally heard it brought up at the meetings that I was at, but I'm assuming that the Alberta chambers are visiting and coming to some of the sessions and making sure that their concerns are on the table, so it could be part of the review.

Mr. Allen: Okay. I listened with great interest to assistant deputy minister of housing Mike Leathwood because, as you know, housing is a significant challenge in Wood Buffalo. As we grow and as we have more people moving there for whatever type of job they're taking on, whatever their annual income is, our demand and our need for affordable housing is increasing substantially. My office is faced with it every day. I appreciate that last year, from the 2012-13 budgets, we saw a reduction in the RSP program, or the rent subsidy program, of about \$6.5 million or \$6.6 million. This year it stays flat, it's consistent. My understanding is that that RSP program was frozen last year, meaning that if we had 300 people on the RSP program, there would be no new people added to that list. Is this going to change in the future? Are we still at a frozen level? Are we just replacing? As someone drops off the list, then we can replace them?

6:00

Mr. Weadick: I'll ask Mike Leathwood, ADM for housing.

Mr. Leathwood: The rent supplement budget actually did see a small increase this year, and the activity that we've seen in the last year is actually – we didn't freeze it. We gave management bodies budgets and said: here's the budget; you have to live with it. So they then managed within the legislation and the act to, you know, I guess, cap the amount of people they could subsidize as long as they stayed in the budget.

But going forward, we've seen activity in the last year that more people have left than have been added, so actually it's created room. They're able, actually, to add more, but they still have to live within the budget allocation that we're giving them. So it's not capped. It's not frozen. What can happen, as an example, if somebody needs a subsidy of \$200 a month and somebody needs a subsidy of \$600 a month? If the \$600-a-month-subsidy person leaves, you can actually replace them with two \$200-a-month-subsidy people. So there's quite a bit of flexibility within the budget, and I think we're going to be okay with that.

Mr. Allen: Okay. So far that seems to be working across the province?

Mr. Leathwood: Yes.

Mr. Allen: I know we do have significant waiting lists.

Mr. Leathwood: Well, there are waiting lists. You know, again, the investment or the options that a management body has for people on waiting lists: rent supplement is just one of them, to provide them assistance in non government-owned buildings or in the private sector. They can move them into government-owned

housing that they operate, or in Wood Buffalo's case, of course, they have that huge affordable housing portfolio that they've created up there. So depending on the family, their circumstances, what's available, there are a number of options available, and rent supplement is just one of the tools.

Mr. Allen: Great. Thank you. Yes, Wood Buffalo housing, I think, is probably one of the successes in housing in North America, and it's through your ministry's enabling that to happen. We appreciate that.

I think that probably the last question, if I look at the time, is on results-based budgeting. Can you maybe speak a little bit to what your ministry has learned through that process and what initiatives have been implemented as a result?

Mr. Weadick: Well, I'll start, and then I'm going to turn it over to Paul. Probably one of the bigger ones was the discussion around the number of grants that we provide and just the difficulty in being able to access them, you know, if you have to apply for 12 or 15 grants as a municipality, especially a small municipality. I think that if you look across government, there are somewhere in the neighbourhood of 50 or more grants available to municipalities through various departments, or there were in the past. So we had to look at, physically, how we shrink this down and make it more cost-effective to operate, what kind of systems we could manage it on and make it easier for those municipalities to access it but still keep some of the rules, because you're targeting some of that money to get very specific things done. For example, when we put the two big grants together, the transportation and the MSI, we kept the funding formulas the same as they had been in the past.

The Chair: Minister, I'm so very sorry. We're going to have to stop you there. Again, perhaps some of those details can come out with the further line of questioning.

We now move to the PC caucus. My understanding is that Mr. Ron Casey will be leading the line of questioning for the PCs, and perhaps if there's time, Mr. Goudreau may ask some questions as well.

I'd urge you, Mr. Casey, to follow the lead of your colleagues in the committee and make sure that the questions are pertinent to the 2014-2015 budget documents, please. You have 20 minutes, sir. How would you wish to use your time?

Mr. Casey: Back and forth.

The Chair: Please proceed.

Mr. Casey: Thank you for the reminder on the budget.

Just to start off, page 172, line 2.4, and we'll get back to this in a roundabout way. I'm curious about – I know you talked about it a little bit earlier – and I'd like to expand a little bit on the process for the rewrite of the MGA. Do you have a completion date? Do you have a completion expectation there? What is that process moving forward?

Mr. Weadick: We have meetings secured around the province, which will be wrapping up in April. The last meeting, I believe, is in Peace River near the end of April. That was 11 different meetings that we'll have, which will start to bring feedback.

Even before we had those meetings, we put 38 discussion papers up on our website, that talked about many ranging issues around the MGA, to get people started thinking about what those might be. We're going to continue with the input, but now that we've had the discussions, we can start to flag: what are the key issues that people are landing on? What are some of the things we

need to be looking at within the MGA? One of the targets or goals we have is to streamline the MGA somewhat. It's a fairly big document. There's a lot in it. We'd like to simplify some of it. We'd like to streamline parts of that document, make it easier for municipalities to migrate through it. We'll be working on that.

As I said, if you count backwards, if we're going to try to have legislation, then it takes a number of months to draft the legislation. If we want to put sort of draft policy ideas together and get them back to people for a second look, that will probably have to be done over the summer so that we can get back to them in late summer and into the fall so that we can have another discussion around what these issues are looking like. I would see that as probably the priority, and then we're pushing to try to get legislation next spring. Depending on the timing of how the discussions go, it could possibly be fall.

Mr. Casey: I guess that's to my point, then, on the assessment services. AUMA and AAMD and C in 2010 – and don't hold me to that date, but I think it was 2010 – did a joint task force on assessment and submitted that information to Municipal Affairs at that time. There were a number of issues that the AAMD and C and the AUMA could not agree upon, so AUMA did an additional task force in 2012 and also submitted those recommendations. Both those task forces took months, sitting down with professional assessors and knowledgeable people around the table.

My concern is that the time frame that you're talking about here doesn't allow for the in-depth review of that whole assessment system within the MGA. I realize it's important to compress the time frame, but if we're going to be serious about looking at assessments – and you mentioned one earlier, Mr. Minister, about farmland being all just farmland instead of having categories of farmland as you do categories of residential property. That's my concern, that there won't be enough time to do the background, the work, and the public consultation that needs to be – because these are not without issue, as Mr. Merritt will certainly attest. These are not without issue, so it will take a great deal of work. I'm concerned with the time frame, that it's too compressed, in fact, and that we won't have time to do the work adequately.

Mr. Weadick: You know, those are actually great comments. I think that you probably have hit a very important piece in here. We have a good MGA, and it's doing a lot of the things right. I believe that we will get this one right, and if it takes a little bit longer, we're still going to make sure we get it right. So, yes, we're going to work as fast as we can. We're going to put the horses into it that we can to get this review done. But I'll tell you what. I won't approve a new MGA that I don't feel has been properly developed and vetted through those processes. If it takes a little bit longer, it's just going to take a little bit longer. It's going to be the document that frames our communities probably until 2050. We can't afford to get it wrong. So I'm with you on that.

There may be some pieces, like you said, around assessment that we need to have a little bit longer discussion on. I'll be very happy to have that discussion. As I said, I don't feel a need to rush. I feel like I've got a pretty good MGA now. We've opened it with a real target to get some things fixed that will help us through the next 30 years to deal with some of the issues that rurals are faced with, small municipalities, some of the growth pressures that all of our municipalities are facing. We want to deal with those, Ron, so I absolutely agree with you that we will take the appropriate amount of time to do this right.

Mr. Casey: Okay. Well, I hope so. It was actually quite startling to sit on both those task forces, as I did for a couple of years.

Some of this legislation literally has not changed in decades and decades. When the MGA was rewritten the last time, it was meant to follow right behind that MGA review in 1993, and it didn't occur. So if you think about this, we're dealing with assessment, in some cases, from the 1970s. It's time that it happened.

In your business plan you talk about a new provincial-municipal partnership. Is that part of what you put out for discussion when you sent your information out to municipalities?

6:10

Mr. Weadick: That has been a big chunk of the discussion. The MGA review will frame what that new partnership is going to look like. But one of the things that's really been highlighted is that for many years I think municipalities saw themselves as a child of the province, and we used to hear that. In fact, I remember saying that term when I was a city councillor.

We really see municipalities as partners of the province. We see them as our partners. We are building this province together. They are clearly one of our most important partners that we work with on everything. You add in school boards and others. I mean, they're critical to growing the province. They're very, very important partners, and we're going to continue to develop the partnership. The rules of that partnership tend to be largely housed in the MGA.

Mr. Casey: Yes. For sure.

Just moving ahead here, not specific to line 3.1 but just sort of a fallout from there, that's a reduction of the operational MSI funding. If you drop down to line 10, library services, one of the things that virtually every municipality did with their operational MSI funding, or at least smaller communities, was to put it into their libraries, because it was always a struggle. The province, at the time, encouraged that. So as we take away this operational funding, it's going to have an effect on libraries. For libraries right now the funding has stayed flat unless we consider \$15,000 as not being flat. I have a concern that libraries are going to suffer here because smaller municipalities that are pushed are going to have a tough time balancing this out. I think we need to be cognizant of the fact that libraries have been flat for a number of years, continue to be, and in fact taking away this operational funding is going to have an effect there that maybe hasn't shown up and won't show up for a while.

Mr. Weadick: Yes. I think probably the two things I have heard consistently in travelling around the province are the challenges that libraries face. Often in small communities they're the only real municipal building left that's open and available, so people use it for everything from accessing the Internet to video conferencing to a whole host of things. So libraries are critical.

The other piece we have heard is the impact that removing that operating piece is having on small communities. I'm concerned about that, and I will tell you right here that we will be continuing to talk about that. We know about having funding in place for regional partnerships, but you also have to have the capacity to access those partnerships, so we're going to have to sit down as a ministry to make sure that we don't negatively impact our small municipalities.

I hear the concern. I've heard it from others. We are going to continue to talk about how we can deal with that issue because I'm very concerned about it.

Mr. Casey: The Alberta Emergency Management Agency, line 8 here. I realize that the funding has decreased simply because we don't fund for disasters; we fund them after we have a disaster, if

that makes any sense. Anyway, that's the way it works, and as you explained earlier, that's the method we've chosen.

My one concern is – and I don't know; maybe it's somewhere else in the budget – things like early warning systems. It was really highlighted with the event we had in the south that there wasn't, essentially, an early warning system. In other words, there wasn't even anything where municipalities leapfrogged themselves down those watercourses to give people a heads-up, because they were too busy dealing with their own circumstance.

There needs to be some kind of structure there, and I guess my concern is that when I don't see anything – and I'm assuming it would go under emergency preparedness although I don't know where it would fall. My concern is that we're not going to spend the time rebuilding or adding to the Alberta Emergency Management Agency in order to ensure that we're more prepared the next time. I just don't see the funds there. If they are, that's great.

Mr. Weadick: Well, in fact, I'm glad you mentioned that because we learned through this disaster that from a capital perspective we're undersized. We're going to have to be coming back and looking at options in the very near future about how we can appropriately size a facility, just the sheer staffing that we need to manage through emergencies. So that's one of them.

The other one you'll see – there are significant variations. One of the variations where you see significant reductions: there was funding in place for the last three years for Slave Lake, and this was the last year that we had to fund Slave Lake. So that funding fell away because it's no longer needed. You'll see the money go up and down quite a bit based on which disasters are being funded and for how much and when the money is being expended. It tends to have a bit of a fluctuating effect.

But that's why we keep our account separate as a province. That allows us to, when a tragedy of some sort comes, go to the Treasury Board and work with them because we have an account set aside for these kinds of events. We don't keep it in the ministry budget, but it's kept because we don't know what the disaster could be. There are a number of things, and it could be best suited to be – in fact, much of the disaster money that we're seeing expended went through FREC; some of the erosion control mitigation that we're doing, through Environment. So depending on the type of thing you're dealing with, the appropriate delivery method may not always be Municipal Affairs. It may be through one of the other tools that we have.

But we are looking at our overall aim of capacity, and one of the things that we have looked at, one of the learnings we've probably had, is around notification and how those systems work to notify. We've got a group working in southern Alberta downstream of the Oldman dam, not so much just for a flood but: how are they going to be notified if the dam has a change in operations? If they have to open and spill for some reason, how do they make sure that the folks downstream that have cattle near the river or other things know what's coming so that they can deal with it?

Yes, it's going to be important, and I think that at the end of the day, once again, our municipal partners are going to have a role to play in that.

Mr. Casey: They are the role.

Mr. Weadick: I think our MDs and counties are going to be critical to this happening, and with the new 911 funding that's in place, it may allow us to look at some unique things as well. You know, we didn't really talk about it during this, but that 44 cents

per cellphone per month is going to create somewhere in the neighbourhood of \$17 million a year for use in that area. That's going to allow us to upgrade equipment, to have texting capabilities, and – who knows? – we may be able to have some type of outreach capabilities as well.

Mr. Casey: Thank you.

I'm glad you mentioned FREC, and this is more a comment just from a phone call I had yesterday from one of the contractors involved. The municipalities are doing this. Municipalities don't always co-ordinate their activities. In fact, they seldom co-ordinate their activities. What we've essentially done is put so much money out there that contractors simply are so busy and they're leaving one job – or they're not doing one job – and they're moving to another job. It's driving prices up, but it also means that jobs simply are not getting done. The work isn't getting done because there's a lack of an overall multijurisdictional umbrella, co-ordinating body, that prioritizes projects, that prioritizes the actual materials. You know, you can only quarry so much rip-rap in a day, and they're running 24/7, and they can't possibly keep up.

So some projects that maybe should be getting done aren't going to get done because contractors or municipalities simply don't have the capacity. That concerns me. Looking at it over a broader base from High River through to Canmore or whatever, it's an issue. There isn't enough material and manpower in there. We do have an issue there without having an overall, unless there's one there, co-ordinating body.

6:20

Mr. Weadick: Well, one of the challenges is that the projects you're seeing getting done are the approved projects that were prioritized. There are still lots of other projects that have been applied for or are somewhere in the works that didn't meet the same priority level requirements as these ones. What you're really seeing is the highest priority projects, and there's a bit of rush because people see May-June coming and want to have protection this year. So you're seeing people really trying to get these projects done as quickly as they can, and – you're right – you don't always have the horses or the product on the ground to get them done.

But these are the priority projects. Each of those municipalities will probably have some other projects that will come up next year and the year after that may not be as high a priority. You know what? I'm hoping they continue to work as fast as they can, because every project completed should buy us a little more resiliency within the system.

Mr. Casey: Yeah. I realize they're the priority projects for sure. But when you have multiple municipalities in a row and everybody has priority projects and everybody is competing, literally competing, for resources, then the truth is: what happens if the project at the far end is the one that really needs to get done but we put our money into other priority projects further downstream somewhere that don't have the same effect? So that's why I'm saying that there needs to be a co-ordinating body.

I'll turn it over to Hector. Sorry I went on there so long.

Mr. Goudreau: Thank you very much. Minister, if I may, I want to commend you for your quick grasp of your ministry budget and the business plan. Maybe it's a reflection of the great staff that you've got. I want to give the kudos to them as well.

Mr. Weadick: It is. It's the people sitting beside me and behind me, I'll tell you, that have done this.

Mr. Goudreau: No doubt.

My first question is one of clarity. Certainly, on line 6 we've gone from MSI operation to regional collaboration. Now we're calling it, I believe, the Alberta community partnership. Now, my question is this. You know, there's \$48.8 million in that. Is it to develop or implement or both?

I guess, for my small communities – and I've got five already that are doing all sorts of things by necessity. They've been forced into that. They're sharing rec facilities and fire protection, the regional airport, the museum, FCSS services, the regional landfill, libraries, community radio, and it goes on and on. They've done that, and they're very concerned about the fact that they're losing operations. By the way, aside from labourers some of the operations actually went into things like seniors' transportation, for instance, on a regional basis. Now they're really feeling pressured. They're saying: if all the money goes into planning, then, in fact, we're losing out on that.

The other question tied to that is that there was never, I believe, any operational monies directed at the larger centres, the larger centres being Edmonton and Calgary, I believe. So if we look at MSI on a per capita basis, I'm just concerned again about that formula and it being skewed, taking away from the ability to operate in a small municipality and making it tougher on them.

Mr. Weadick: Just as a quick answer, the cities did get the same share, but they just took it as capital. It didn't show as operating.

But on the regional collaboration, which it was, largely the challenge we had was that we had a small pot of money, so you could probably help somebody do a study, but you really couldn't get much beyond that. So now as we start to get some real funding available, we can start to see some meaningful regional projects come forward and probably move forward because there will be more funding available. We see that as a positive move probably for small communities as well.

Mr. Goudreau: So it will cover the actual implementation of the program, or just the planning of it?

Mr. Weadick: The final details will be coming out shortly because it's still in budget. Once the budget is approved, you'll see final details of what that's going to look like. All we can say is that we're taking those concerns and considerations in, and we'll look at how we can make that work.

Mr. Goudreau: It's very significant.

The Chair: Minister and Mr. Goudreau, unfortunately, I'm going to have to stop you there. Thank you very much for the answers and round of questions.

I understand that Mr. Rowe will proceed with questions. I'm going to be brief. Mr. Rowe, you have about five minutes. Please proceed.

Mr. Rowe: I may not even take that long, Mr. Chairman. Most of the things that I was going to address have already been addressed, but I do want to just get on the record my disappointment in the MSI funding and how it's been rolled out over the term of it. I recall very distinctly that when it was announced, it was probably the best funding that municipalities were promised in a long, long time. It was supposed to be ramped up to \$1.4 billion at its peak. And here we are now; we're still stuck at \$878 million.

I think that what's even more disappointing – just let me back up for a second. The regional co-operation program – and I think that's a more apt name than community partnership because it is a fund. I think it's grossly unfair to penalize every municipality in

the province by reducing that operational amount and putting it into a fund that then becomes just another grant lottery application. I think the vast majority of municipalities, especially the smaller municipalities, are not going to be able to take advantage of that.

With 11 years in municipal government I'm very aware that not everybody gets along. Not everybody can agree. I hate to say it, but some municipalities do really stupid things. I recall coming to an agreement to buy a common street sweeper for five different communities that would be highway accessible. We used a street sweeper in my village two days a year, so we were going to buy one all together. A month later one of them went and bought their own. I mean, it doesn't always work.

There are great ideas out there. It's a great fund to have, but I don't think it's fair to other municipalities. They just will never get a chance to have a piece of it. Just my thoughts. I wish we would get back to the original plan, ramp the MSI as a separate fund, ramp it up to \$1.4 billion, and be done with it. Anyway, that's my feeling on that.

I do want to bring up, on page 173, item 12.3, property tax relief of \$28 million. My question there is: is that to cover the reduced assessments due to the flood damages across the province? Will that money go to the municipality, or does it go to the homeowners?

Mr. Weadick: Municipalities will have seen reduced taxes because of properties that simply can't be taxed. This replaces that for them on an interim basis.

Mr. Rowe: The money does flow directly to the municipality, does it?

Mr. Weadick: Yes.

Mr. Rowe: Okay. That covers my questions. These guys scooped me on a lot of them.

Mr. Weadick: I appreciate your comments.

MSI: we have gotten very, very strong support for it from municipalities. They would like to see some increases, and we have talked about that. As you know, the reality of life in 2008-2009 had some impacts. We worked with municipalities, and actually they said: we would rather you just extend it a year or two and drop the amount a little bit than cut it, so we'd still get the total amount, but we'd maybe get it over a year or two extra. That was a recommendation, actually . . .

Mr. Rowe: If I could interject, I think that's a wise idea. I recall that back in the Klein era, just before the MSI was announced, a year or two before, he announced A \$3 billion cash injection directly into the system for municipal infrastructure. In 24 hours that \$3 billion went to \$2 billion because the costs of projects went up 35 per cent. I know we had a water and sewage program going on right then. We had all the engineering in, all the costs in, and it went up 35 per cent overnight. My compliments on rolling it out that slowly.

Mr. Weadick: Yeah. I've got to thank the municipalities for coming up with that and saying: "You know what? We'll take it over a couple of extra years, but we do need the funding. We need to be able to plan. As long as we know we're going to get that dollar value, we can then at least plan that facility. And if it happens to be a year later for that ice arena or that bridge that we need, we can do it." It was working together, and I think that if we continue in that spirit, understanding that, you know, revenues can fluctuate a little bit – municipalities really do need a fairly stable, nonfluctuating source of funding so that when they book that

construction and start it, they then can move through and complete it. I'm a big fan of the MSI.

I do hear your concerns. We heard them over here from a number of members around: how are the partnerships going to work, and what about operating in smaller communities? We're going to as a ministry continue to have some discussion about that, and we will sit down with our colleagues and look at what are potentially some solutions. We need strong, healthy communities. Especially our smaller communities: they're struggling now with their volunteer fire services and such. There are many challenges.

Mr. Rowe: Thank you.

6:30

The Chair: Minister, thank you. I'm going to have to apologize

for the interruption, but I will advise the committee that the time allotted for this item of business has concluded.

I would like to remind the committee members that we are scheduled to meet tomorrow, Wednesday, April 9, at 7 p.m. in committee room A to consider the estimates of the Ministry of Energy.

Minister, I do want to compliment you. That was fulsome and informative work in estimates, particularly given your tenure on the file.

I would like to thank Mike Leathwood, ADM of municipal housing, and the rest of your team for their work today.

Thanks to the *Hansard* staff, our security team, our very talented pages, and our committee clerk, Chris Tyrell.

Folks, I'm very pleased to say that this meeting is adjourned.

[The committee adjourned at 6:31 p.m.]

