



Legislative Assembly of Alberta

The 29th Legislature
First Session

Standing Committee
on
Resource Stewardship

Ministry of Municipal Affairs
Consideration of Main Estimates

Tuesday, November 3, 2015
3:30 p.m.

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First Session**

Standing Committee on Resource Stewardship

Goehring, Nicole, Edmonton-Castle Downs (ND), Chair
Loewen, Todd, Grande Prairie-Smoky (W), Deputy Chair

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Standing Committee on Resource Stewardship

Participants

Ministry of Municipal Affairs

Hon. Danielle Larivee, Minister
Brad Pickering, Deputy Minister

Alberta Emergency Management Agency

Shane Schreiber, Acting Managing Director

3:30 p.m.

Tuesday, November 3, 2015

[Ms Goehring in the chair]

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

The Chair: I'd like to call this meeting to order and welcome everyone. The committee has under consideration the estimates of the Ministry of Municipal Affairs for the fiscal year ending March 31, 2016.

I'd ask that we go around the table and introduce ourselves for the record. Madam Minister, please introduce your staff when we get to you. I am Nicole Goehring, MLA for Edmonton-Castle Downs and the chair of this committee.

Mr. Loewen: Todd Loewen, deputy chair, MLA, Grande Prairie-Smoky.

Mr. Drysdale: Wayne Drysdale, MLA, Grande Prairie-Wapiti.

Mr. Clark: Greg Clark, MLA, Calgary-Elbow.

Mr. van Dijken: Glenn van Dijken, MLA, Barrhead-Morinville-Westlock.

Mr. W. Anderson: Wayne Anderson, MLA, Highwood.

Mrs. Aheer: Leela Aheer, MLA, Chestermere-Rocky View.

Mr. Cyr: Scott Cyr, MLA, Bonnyville-Cold Lake.

Mr. Stier: Pat Stier, MLA, Livingstone-Macleod, and to my left is my assistant, Andrew Koning.

Mr. MacIntyre: Don MacIntyre, MLA, Innisfail-Sylvan Lake.

Ms Larivee: Danielle Larivee, Minister of Municipal Affairs.

To my left I have Brad Pickering, Deputy Minister of Municipal Affairs. To my right I have Anthony Lemphers, assistant deputy minister of corporate strategic services, and to his right Shane Schreiber from the Alberta Emergency Management Agency.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

Ms McKittrick: Annie McKittrick, MLA, Sherwood Park.

Mr. Dang: Thomas Dang, MLA for Edmonton-South West.

Ms Kazim: Anam Kazim, MLA for Calgary-Glenmore.

Ms Woollard: Denise Woollard, MLA, Edmonton-Mill Creek.

Mr. Rosendahl: Eric Rosendahl, MLA, West Yellowhead.

Ms Babcock: Erin Babcock, MLA for Stony Plain.

Mr. Horne: Trevor Horne, MLA for Spruce Grove-St. Albert.

Mr. Kleinsteuber: Jamie Kleinsteuber, MLA, Calgary-Northern Hills.

Mr. Sucha: Graham Sucha, MLA for Calgary-Shaw.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: 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, the standing orders set out the process for 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 Standing Order 59.01(6), the rotation is as follows. The minister or the member of Executive Council acting on the minister's behalf 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 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 next 20 minutes private members of the government caucus and the minister may speak. For the time remaining, we will follow the same rotation just outlined to the extent possible; however, the speaking times are reduced to five minutes as set out in Standing Order 59.02(1)(c).

Members may speak more than once; however, speaking times for the first rotation 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.

If members have any questions regarding speaking times or the rotation, please feel free to send a note or speak directly with either myself or the committee clerk about the process.

Three hours have been scheduled to consider the estimates of the Ministry of Municipal Affairs. With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting, but we will pause the clock during that time, so this should delay the end of the meeting by five minutes. Is anyone opposed to that? No one is opposed.

Committee members, ministers, and other members who are not committee members may participate. Ministry officials may be present, and at the discretion 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 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. or five minutes later if we take a break.

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 by the minister in the Assembly for the benefit of all members.

The vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on November 23, 2015.

If there are amendments, an amendment to the estimates cannot seek to increase the amount of the 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 estimate by its full amount. The vote on amendments is deferred until Committee of Supply convenes on November 23, 2015. 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 committee members and staff.

I would now like to invite the Minister of Municipal Affairs to begin with her opening remarks.

Ms Larivee: Good afternoon, and thank you. I, as previously noted, am joined here today by several members of my department. Seated with me are Brad Pickering, Deputy Minister of Municipal Affairs; Anthony Lemphers, assistant deputy minister of corporate strategic services; and Shane Schreiber from the Alberta Emergency Management Agency. Also here today are staff members from my office and the department, who can help provide further details to questions if needed. I will have them introduce themselves if called upon.

I'm here today to present Municipal Affairs' 2015-16 estimates and the 2015 through '18 business plan. We are committed to supporting a high quality of life for all Albertans, which means we need strong communities that help deliver that. Our ministry budget is focused on how we can support and work with our municipal partners and other stakeholders to strengthen communities, big and small, across the province. We are committed to ensuring that the province's funding to municipalities remains stable and predictable and that growth pressures are factored in when funding decisions are made. This budget reflects that commitment.

By continuing to invest in municipalities, we are stabilizing public services, stimulating economic growth, and promoting job creation. Our budget decisions also reinforce our government's commitment to set out a prudent path to return to balance. We recognize it takes true partnership to achieve our potential in this province. Municipalities, safety organizations, public libraries, and other groups across Alberta are valued partners. This budget reflects the promises we made to support municipalities and build strong communities while also being fiscally responsible.

I'd now like to give you an overview of Municipal Affairs' proposed budget before going into more detail on specific programs. The total ministry consolidated budget is \$1.4 billion.

Our flagship program is the municipal sustainability initiative, or MSI. The core capital component for MSI is \$497.1 million. When you include the advance of \$398.9 million to municipalities last March, this totals \$896 million in calendar 2015. This is a \$25 million increase over Budget 2014. MSI operating stayed constant at \$30 million.

The basic municipal transportation grant increased by over \$6 million.

There is a reduction of more than \$29 million to the 2013 Alberta flooding expenses due to completion of most initiatives in 2014-15.

There is an \$11.2 million reduction to the building Canada communities component as it winds down and is replaced by the new 10-year small communities fund, which will receive a \$56.2 million investment this year.

There is a \$3.5 million increase to operating grants for libraries.

There is a \$5.5 million increase to support moving the disaster recovery program, or DRP, administration in-house.

There is an increase of \$5 million in grants in place of taxes, or GIPOT, which is due to new capital construction and increases in assessments and municipal tax rates. When other ministries' grant programs are taken into account, this represents almost \$1.9 billion across government being provided directly to municipalities.

3:40

The Municipal Affairs proposed budget achieves a \$4.5 million reduction to salaries and wages, supplies, and services by finding ways to deliver government services more effectively and efficiently. This cost saving demonstrates our commitment to being

more fiscally responsible with respect to our public service, and it aligns with our government's goal of moving toward a balanced budget.

I would now like to provide more detail about the municipal sustainability initiative, MSI, and the basic municipal transportation grant, BMTG. We promised Alberta's municipal leaders we would continue to support their local infrastructure needs, and we kept that promise with the MSI allocations announced in July. The MSI dollars in this budget reflect the funding promise we made this summer, a total budget investment of \$876.9 million, including MSI capital, operating, and BMTG, this fiscal year.

As I mentioned earlier, when taking into account the \$398.9 million in MSI capital advanced to municipalities in early March, funding to this program remains consistent and predictable across the calendar year. To put that advance into context, it's important to note that municipalities budget on a calendar year rather than a fiscal year. In 2015-16 funding under the MSI is \$497 million for MSI capital. This is a decrease of \$373.9 million from the 2014-15 budget, which is more than offset by the \$398.9 million that was advanced to municipalities in March. MSI operating is \$30 million, and BMTG, or the basic municipal transportation grant, is \$350 million and is included in the total MSI capital allocation. The BMTG increase of \$6.7 million from the 2014-15 budget is due to updated information on the population and gas sales components of the BMTG funding formula.

Since the program began in 2007, almost \$6.7 billion in MSI funding, excluding BMTG funding, has been allocated and has assisted with more than 5,000 projects. Our government recognizes that this program, which was designed to provide \$11.3 billion to municipalities over 10 years, will not be fully allocated by 2016-17. As we examine ways to continue that support, we will work with municipalities on how we can amend the long-term agreements in the near future to address program extension. In total, our 2015-16 budget commitment to fund regional initiatives is \$40 million.

We heard from a number of municipal partners that they had concerns with the previous plan of phasing out MSI operating funds in favour of enhancing the Alberta community partnership, so MSI operating is maintained in this budget. Our review of the Alberta community partnership, or ACP, program will factor in the many ways we support intermunicipal collaboration, such as creating growth management boards, as part of the changes that we are making to the Municipal Government Act. In the meantime municipalities can still access both MSI capital and operating dollars. More details about applying for this year's grants will be provided to municipalities in the coming weeks.

Regarding the small communities fund, the ministry budget reflects an increase of \$56.2 million for the new funding to support grants under the federal small communities fund, or SCF. The program provides infrastructure supports to municipalities through our federal-provincial partnership under the new building Canada plan. Our commitment to the program was confirmed in July with the announcement of 56 projects to be funded in municipalities across the province.

Regarding the 2015 education property tax, Municipal Affairs administers the education property tax system on the government's behalf, and the revenue collected helps provide a high quality of education for Alberta students. The education property tax is 32 per cent of the targeted operating cost of funding education. Alberta expects to collect about \$2.5 billion in education taxes in 2015-16. This represents a \$151 million, or 7.2 per cent, increase over last year to reflect the increase in the cost of education. The remainder of education funding comes from general revenue.

Regarding grants in place of taxes, Municipal Affairs will provide \$65 million in 2015-16 for grants in place of taxes for

approximately 5,800 eligible Crown properties. The increase of \$5 million in GIPOT is due to new capital construction, an increase in assessments, and municipal tax rates. Although Crown property is exempt from taxation under the Municipal Government Act, the Crown may choose to pay a grant to the municipality that is equivalent to what property taxes would equal.

Under grants in place of taxes Calgary and Edmonton will receive the following in 2015-16.

The Chair: I apologize for the interruption, Minister. You've exceeded the time. Thank you, Madam Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. Would you like the timer to be set for 20-minute intervals so you're aware of the time, or would you prefer to let the full hour flow without interruptions?

Mr. Stier: Madam Chair, on behalf of the opposition I would like to go for 20 minutes back and forth if okay with the minister.

The Chair: Absolutely. We'll set the timer at 20 minutes. I invite you to speak.

Mr. Stier: Okay. Thank you very much, and good afternoon, everyone. First of all, a thank you to the minister, and, by the way, congratulations to you and all of your staff on being here today. Thank you as well. It's, obviously, a pretty busy time in Municipal Affairs, as it is with many ministries when we've had changes such as we've had. You know, when you have a new government and a new minister, ongoing flood recovery, and all the other things that we've been dealing with over the past little while, continuity is a fairly important thing. So it's great to see some familiar faces within your ministry around the room. It's great that all you people could be here today.

Thank you, too, for all the work that you folks have been doing to keep this ministry moving throughout all the changes. You know, particularly now that we have a new minister – there have been several in the past few years – I'm sure it's going to be a bit of a challenge for everyone, but I think it will all turn out fairly well in the end if we all work together.

Minister, I know we've got a lot of ground to cover today, as I mentioned prior to the meeting beginning. If at any point I've asked a question or I interrupt or interject, please don't take offence to it. We are on limited time here, and we may just simply have to move on. So I would appreciate your understanding of how that goes. If there is something that, you know, you may not be able to supply, if you can send it to us after the meeting, that would be great as well. We appreciate that.

So without further ado, I'd like to move on, then. I just would like to let you know that we're going to be referencing the following documents for your convenience: the Municipal Affairs estimates portion, of course; the fiscal plan; the business plan; the annual report. Lastly, we will be making reference to some of the Municipal Affairs website. I have taken the time to ensure that we will be mentioning the documents and/or sections ahead of each question for your convenience so we don't have too much paper shuffling and make it a little bit easier.

Let's move on, then, if I could. I guess the first thing – and I noted in your presentation that you mentioned it as one of the first things – is MSI, municipal sustainability initiative and grants. It is what helps support local infrastructure priorities and build strong and safe and resilient communities. We would like to talk about operating to start off with, basically. The first question refers to page 196 in the estimates, and it's the operational section, line 4.1. I'll just start on that if I may. When MSI was first announced in 2007 – I recall this – it promised \$11.3 billion in funding over 10

years. According to the website just under \$6.7 billion has been allocated since then. Further, the affairs business plan highlights it as a priority area to provide stable, predictable funding to municipalities through MSI and other grant programs. I think you mentioned that in your introduction. What is the ministry's plan to get the remaining \$4.6 billion into the hands of municipalities, please?

3:50

Ms Larivee: Okay. Thank you for the question. Our government certainly does really recognize the importance of consistent, solid, sustainable funding to all the municipalities in terms of ensuring they can do what they need to do in order to support the communities that they represent. We were very happy to make that commitment and continue to make good on that.

The program was designed to provide \$11.3 billion over 10 years. It won't, as indicated, be fully allocated by 2016-17, so we are looking at ways to extend that support. Of course, again, what I said was that we would commit to that sustainable funding, so, as mentioned, we are actually in this calendar year providing more even than we did in the year before, you know, which the municipalities are happy about. In the next two years as well we're providing additional funding with that to help them with that.

Further to that, we are working and communicating with the municipalities. We do consider them partners, and that partnership is tremendously important to us. As part of that, we are communicating with them about what their needs are and about the best way to address that program extension moving forward. We've certainly kept municipalities in the loop on that and look forward to that.

The budget targets for 2016-17 and 2017-18 include an increase of \$50 million over the targets that were originally established in the March 2015 budget, so we're working hard to get back on track with that and ensure the municipalities have what they need.

Mr. Stier: Okay. Thank you for that.

Moving on to my next question, then, I'm going to refer to the capital plan on page 41. It's the sixth paragraph. I noticed that in that capital plan there's an increase in MSI by \$100 million for a total of \$3.9 billion over the next three years. I think this is part of your five-year capital plan program. How does this fit in with the remaining \$4.6 billion, that we just talked about, that you're not going to be able to supply by '16-17? Is it going to be distributed within that 10-year plan? Is it part of that 10-year plan? How does all that fit together overall? I think you may follow where I'm at. We were going to get \$4.6 billion; then we talk about this \$3.9 billion over three years. Where does that come from, please?

Ms Larivee: Right. Thank you for the question. Again, we have engaged in conversations with the municipalities in terms of moving forward as partners together in supporting Albertans in their programming. We do know that MSI is a very important portion for the communities in moving forward with that, so we are happy to talk with them about program extensions regarding that. The five-year capital plan does include MSI capital funding through to 2019 and 2020. Then beyond that, there are unallocated infrastructure funds because, of course, the MSI is primarily dedicated to infrastructure. Those unallocated funds within the general infrastructure budget have not been allocated at this time, and there is certainly the possibility that that can be utilized moving forward.

Mr. Stier: Okay. I guess I need a little clarity. I'm sorry. I understand where we're at with that a little bit, but back to the question again. We're waiting on \$4.6 billion for the remaining part

of the initial promise, \$11.3 billion. You know the \$3.9 billion was supposed to be within the three- to five-year window. Despite all of what you've just said, is that extra money, or is that included in what we're waiting on?

Ms Larivee: Well, due to a lack of adequate allocation in previous years, we aren't going to reach those targets as expected by 2016-17. However, we are working hard with the municipalities to work in terms of that with that extension. Again, the capital plan does include funding through 2019 and 2020. In 2019 and '20 there will be \$1.085 billion left unallocated at that point in time. However, as specified, there continues to be \$4.4 billion in unallocated infrastructure funding. Moving forward with our long-term capital plan, there's quite possibly potential that that might be used for the municipalities. Like I said, we continue to have those conversations with the municipalities to work out a plan moving forward for how to continue to support them with that.

Mr. Stier: Okay. Fair enough. Fair enough.

Moving on, then, I will go to the estimates again, page 197, probably a page you'll want to keep open for the remaining part of this discussion, capital grants, line 4.2. We are committed ourselves to commit to building the infrastructure that we need for a thriving economy, and there are a lot of growth challenges, as we all know, both urban and rural. How does the minister plan to make both of those challenges successful? We have an awful lot of communities needing an awful lot of help. Do you have anything special you're going to do that the previous government did not?

Ms Larivee: Well, thank you for the question. I certainly agree with you that after many years of poor planning we as a province have an incredible infrastructure deficit. There were many very important projects for communities in terms of what they need, whether it be water, roads, bridges, all those things that our communities need, and that deficit has been to our detriment as a community.

We certainly are working with municipalities to identify the key priorities. Again, we emphasize that need for partnership with the municipalities, and they're working very hard to communicate to us what their priorities are in terms of what they need. We've talked to them in terms of prioritizing what their key priorities are and talked to them about making sure we have shovel-ready projects in the ground like roads and bridges based on what they need.

Now, in terms of the difference between urban and rural municipalities, certainly we're talking to them about the priorities in their communities. The funding formula for MSI, that component, does account for differences in municipalities based on their population size, the amount of education tax they collect, and the length of their local roads, not on the basis of what municipality type they fall into. Municipalities with larger populations, higher education tax requisitions, and a larger local road network receive a higher proportion of MSI funding than smaller municipalities regardless of whether they are urban or rural. Determining MSI funding through the incorporation of population, education tax requisition, and the length of local roads takes into account the unique nature of each individual municipality rather than being based on broad municipality types.

Mr. Stier: Okay. Thank you very much.

Now I'd like to flip over to the business plan on page 87, and it talks about revenue there. I'm talking about the federal gas tax fund in this case, which is also mentioned in the estimates and is provided to the provinces and territories to, in turn, flow it through the province to municipalities. According to the Municipal Affairs website we'll receive about \$1.8 billion from the fund in '14-15 to '19, which works out to be around \$270 million a year over a period

of four years. However, in the business plan it shows you're budgeting for only \$209 million this year and \$219 million for the subsequent two years after that. What's going to become of the remaining \$433 million? Do you need another reference point? The business plan, page 87; it's the sixth item there. It's also mentioned under revenue in the business plan, the federal gas tax fund. It's about the seventh line down, \$213 million.

Ms Larivee: As you stated, it is basically flow-through. That's the role that we extend as Municipal Affairs. Certainly, the amounts of revenue and expenditure are equal to each other for 2015-16. The federal gas tax fund provides predictable, long-term, stable capital funding for municipalities to help them build and revitalize their local public infrastructure while creating jobs and long-term prosperity. It is fully funded by the federal government, and we only administer it. As I said, it is strictly flow-through in terms of providing that to the municipalities. It was confirmed as part of the 2014 federal budget.

Mr. Stier: Okay. If I could, without the danger of interrupting you there inappropriately, as I said, there are \$209 million for this year, \$219 million for two years after that. What about the last \$433 million that has been promised? Do you need to get back to me on that?

Ms Larivee: Brad, if you can please provide some . . .

Mr. Pickering: The federal gas tax fund: there was an agreement that was entered into in 2014, and that program is to run for 10 years. There is a 10-year commitment from the federal government. The three years may be in concert with our business plan, so it's just the horizon we're looking at.

4:00

Mr. Stier: Okay. Fair enough. Thank you for that.

Okay. Moving on now, I'd like to get to a topic that was mentioned here lately, linear assessment. I think that as we all know, it's a fairly difficult and controversial issue sometimes, but it's an important issue. It was mentioned in the House last week, when I asked several of you about it as gently as I could. It's a situation where rural municipalities in fact lack, as often as not, commercial tax opportunities as compared to their urban brothers. They also at the same time face significant land issues, and their infrastructure experiences are accelerated sometimes due to deterioration of local roads and facilities due to industrial installations and maintenance of things like pipelines and so forth. They depend on the revenue associated with this taxation to assist with covering these costs. They have miles and miles and miles, as you probably are keenly aware, of roads to maintain, equipment to buy, materials, et cetera.

You know, as well, rural municipalities have always taken these shared resource revenues that they do get, and they do use those with local municipalities to help out with such great projects as community recreation centres and so on and so forth. That is the nature of living in rural Alberta, and most rural municipalities do work a lot with their urban brethren that are within their bounds. Given the above what is your ministry doing? I mean, why are you reviewing this much-needed program? It's been proven to be effective and very worth while for a number of years now, and it is something that I know all Alberta's rural communities are very, very concerned about.

Ms Larivee: Thank you for the question. Without doubt, we are committed to supporting rural Alberta families with the health care, education, and infrastructure that they count on, and part of that is

building strong, sustainable communities and a fair assessment and taxation structure that supports that goal. So as part of the MGA review, according to our business plan, we are consulting with municipalities to review the linear assessment and property tax system. Several of the issues under consideration in the MGA review refer to the linear assessment and property tax system and the municipal revenues generated from that.

Linear property is one component of municipal revenues, and really the whole revenue picture needs to be considered when looking at this issue. Any changes to the property assessment and tax structure would require careful analysis of potential impacts. As you stated, there are many cases where municipalities are working together on revenue and cost-sharing initiatives. We do absolutely recognize that a number of municipal districts and counties rely on linear property tax as their main source of revenue.

Mr. Stier: Okay. Minister, if I could, I need to interrupt. I'm sorry. So was there a problem with this system that was noticed? Was there some issue that stimulated this review? It has been working quite well for years. I know it was part of the MGA review. I'm going to ask you: why was it part of the MGA review? What has stimulated this?

Ms Larivee: Right. The MGA review is about reviewing municipal governments and how they relate to one another, and as part of that consultation that we are having with all the municipalities across the province, some of the stakeholders involved wanted to bring up the issue and wanted to address the question. They were concerned about linear property tax and how that is shared within the various communities. Because our stakeholders asked us to look at that as part of a review in which all of the municipalities are being considered, we are looking at that with respect to the rural communities that are served by that.

Mr. Stier: Okay. All right. I'll move on, then. We're still within the linear assessment topic. I'm going to look at the business plan, page 85, again. Desired outcome 1 and a priority initiative states that one of the priorities of the ministry is to consult with municipalities, as you just said, to review that. While there hasn't been a performance measure developed yet, I suppose, you must have some idea of what kinds of consultation you're going to be doing. Do you have benchmarks for what the kinds of consultations and acceptable levels of feedback you're going to get will be? How many municipalities will you consult? How will you go about that? As quickly as you can, please.

Ms Larivee: Okay. So with the MGA we have fully committed to consulting with our municipalities and partners. There has actually been a lot of consultation that's happened already. Certainly, a lot of information has come forward, and we are incorporating that with ongoing feedback that we have with any of the municipalities to look at drafting the MGA going forward. Having said that, we will present that in the spring, as we've committed to, and over the whole, entire summer all municipalities, all Albertans, any stakeholders in the province will have the opportunity to provide feedback on that, at which point we can choose to incorporate that feedback into appropriate amendments to move forward with that in the fall. So absolutely all, yeah.

Mr. Stier: Okay. To follow up, then, is linear going to be bunched in with all those topics, or is it going to be a separate issue?

Ms Larivee: Linear absolutely is part of the Municipal Government Act. It's part of ensuring the full package of fair taxation, so it has to be within.

Mr. Stier: Right. The consultation will have that mixed in?

Ms Larivee: Yes. The consultation will cover all of that together.

Mr. Stier: Okay. So are these going to be face to face, over the phone, big public open houses throughout the province, or are we just going to go through the municipal associations strictly? How are we doing that?

Ms Larivee: Well, I've committed already to travelling an enormous amount, you know, next summer to meet with municipalities across the province. I will be in-person available to have those consultations across the province.

Mr. Stier: Okay. Well, thank you. All right. What kind of criteria are you going to use when you're looking at linear assessment and the property tax issue? Will you consider other criteria such as the fiscal impact or change to the communities if there is one?

The Chair: As requested, your first 20-minute time period is up.

Mr. Stier: Thank you, Madam Chair. I'd like to carry on with the same process.

The Chair: Absolutely.

Mr. Stier: Thank you.

Just to rephrase the question, then, again: how are you going to look at that, and are you going to consider the fiscal impact and change to communities as this process may go through?

Ms Larivee: Absolutely. We consider our municipalities to be partners in providing the support that Albertans need for themselves and for their families and for their businesses. That's why we're so focused on appropriate consultation moving forward to make that happen. So, absolutely, we will be considering the impact that it will have on rural Alberta families. Certainly, strong services in rural areas means having municipal taxation systems that work across entire regions. We're encouraging that partnership moving forward. It really is a very complex question, so I'm looking forward to discussing with local municipal leaders, who are the experts in what their communities need, as we examine whether the current assessment structure does work for Albertans or whether there are some changes required.

Mr. Stier: All right. Thank you.

Moving on, then, I want to talk about the cost to do linear property assessments and all of that. I know that your department does do assessments, and I note that on page 199, which is the revenue side, line 1 talks about assessment services. There's a number there of \$3.4 million that is spent and then, I guess, clawed back or something for the assessment services for linear. Does that represent the total cost to do the linear property assessments on behalf of municipalities? How is it actually done? Do they actually go to the field and check on how many feet of pipeline? Do they look at records? How is all of that done?

Ms Larivee: Okay. I can tell you that the cost of the preparation of linear property assessments is recovered from the municipalities, and that's what that dollar figure represents.

Mr. Stier: So that's the whole amount there?

Ms Larivee: Yeah. The department prepares the linear property assessments, sends the assessment notices to taxpayers, defends the assessments, and provides data to the municipalities, who then, in turn, charge taxes to the owners of the linear property.

Mr. Stier: Okay. Then I gather that your department incurs no cost in this process. Is that correct?

Ms Larivee: Right. It's a cost-recovery program.

Mr. Stier: All right. Okay. Well, that's going to cover that segment for the moment.

I'd like now to move on to regional collaboration, one of our, probably, favourite topics that's going to be on tonight for a while. Moving forward, then, let's look in the estimates at page 196, and it's mostly line 7, I suspect, that we're going to be dealing with on the operational side. According to the website the community partnership program is currently under review, I understand, and the program is not currently accepting applications for any of these types of operations, whether it's the intermunicipal collaboration, the metropolitan funding, or the strategic initiative components, until that review is complete. What does this program now consist of? I looked at the plans and the annual report and so on and so forth. Is it going to remain the same? Is it still the same now? Are we just doing a little bit of cleanup and then are going to open the taps again? Can you tell me what direction you're going in on that, and when do you expect that review to be completed?

4:10

Ms Larivee: Okay. As previously stated, the municipalities had actually let us know that they wanted the MSI operational capital to continue until we could do that review, so we made that happen for them, being responsive to them. A program review was conducted over the summer of 2015 to ensure that the ACP program remains responsive to municipalities' regional and capacity-building needs. Further details concerning the program and the funding available under each component will be released following Budget 2015. How the ACP will be allocated to individual municipalities can't actually be determined at this time.

The Capital Region Board is a portion of that, which is working well. We're going to continue it, same as the Calgary Regional Partnership, municipal internships, some other grants, the viability review support. But under review are intermunicipal collaborations and the metropolitan funding. We're reviewing those components.

Mr. Stier: Okay. Thank you very much. That's interesting. I know that there were recently some announcements this year that surprised a lot of people with regard to those boards and so on. I'll get into those in a moment.

Last year this program came in, actually, according to the way we see it across the pages there, about \$32 million under budget. Do you know what the main reason was for that? Was that from the change in how it was compartmented, if I could use that word, or how did that work out?

Ms Larivee: Those funds were actually paid in capital instead of through the ACP, so that was why it was underspent. The municipalities did receive those funds. If you want to refer to page 197 on line 7 and refer to the actual under ACP.

Mr. Stier: Okay. Thank you very much. That helps there for sure.

Mentioning again the same area of concern, operational, line 7, page 196 in the estimates, the Capital Region Board and the Calgary Regional Partnership both received, as you were going to say and said, three and a half million dollars in funding for '14-15, and they're set to receive an additional \$7.3 million over the next couple of years. Can you tell me: does the department tell the Capital Region Board, or the CRP, how this money is to be spent and what it's for, what it's to be purposed for? Do they apply for that? How does that work, please?

Ms Larivee: Okay. Certainly, the growth management boards are an important part in moving forward for the partnership between the province and the very large municipalities of Calgary and Edmonton to provide for the needs of the whole area. I mean, it goes beyond just the cities of Calgary and Edmonton, but for those large areas that are captured in those metropolitan areas, it's important that they have that co-operation to move forward with economic viability, so we do provide them those funds in order to move forward with that co-operation.

Mr. Stier: Okay. But if I may, Minister, just to focus in a little bit – and I realize that you're trying to find information quickly here. I'm wondering: in the past, years and years ago, when we had regional planning commissions before, they had offices, they had staff, and they had taxes. They had all kinds of things. Is this, therefore, set out, where these boards have to have certain things set up with the use of these funds? Is it determined by the department?

Ms Larivee: No. The outcome that they're required to move toward is regional planning initiatives for that area, and certainly they've achieved a number of activities that were important successes through that. For example, the Capital Region Board created a capital region growth management plan, which benefited, you know, that whole area. They developed a regional evaluation framework to ensure that local municipal plans conformed to the regional growth management plan, so again they can work together for the better of their residents. Co-ordination of GreenTRIP funding, all of those things in terms of supporting regional transportation and transit plans. Exploring options for strengthening regional economic development, all those things to move forward with regional planning.

Mr. Stier: Okay. If I could, it's just for planning, then, is it?

Ms Larivee: Yep, absolutely.

Mr. Stier: There are no physical buildings, there's no staff, and so on. They can use that money to do the planning, and that's up to them. Is that sort of the way it goes?

Ms Larivee: Yeah. They have a staff complement that helps with moving that forward with the planning in order to best meet the needs and make them more functional together and enhance that collaboration.

Mr. Stier: All right. It seems like it's fairly substantial planning. You know, I've been involved around the Calgary area for quite a while. It seems that while they've produced some nice glossy brochures once in a while, I really don't see a lot of any material production there, and I'm just wondering in that question that I've just posed: what are we getting for that kind of money? Along with that, I'm just wondering if you have the CRB, the Capital Regional Board, and the CRP. One has actually been running and was mandated to run here in Edmonton, as we all know, in the area. CRP does not have that yet. Yet they're both getting the same amount of funding. Does that seem equitable, for that kind of money to be spent?

Ms Larivee: You're correct in that the capital region's board was mandatory, and they have been working very hard together in the past six years through that partnership in order to make things a lot better and to make that co-operation happen. For Calgary it has been up until now an optional involvement. Certainly, as a result of seeing how functional Edmonton is, we're moving forward with the

intention of creating mandatory growth management boards to provide that support to Calgary. Certainly we provide ongoing advisory support and funding to work with the Calgary Regional Partnership and the area municipalities to explore options for implementing, you know, a metropolitan plan. It is a valuable forum for the identification and resolution of growth-related challenges that cross multiple municipal boundaries.

Mr. Stier: Okay. Fair enough. Am I safe in assuming that the creation of these boards is the ministry's answer to that priority, or is this something that in the case of the Calgary area was suddenly declared to be necessary to become mandatory? Was this to satisfy certain needs of certain member municipalities on that board? What was the real direction that caused this sudden declaration, that was announced by your predecessor?

Ms Larivee: Well, we really need to recognize that our communities are interconnected and they do transcend municipal boundaries. The success of a community is dependent on the relationship between those municipalities, so the government is committed to providing those municipalities with the resources and the support that they need to build successful partnerships. These partnerships really can't be left to chance any longer. Like I said, a key component of the updated MGA will be municipal partnerships. Calgary and Edmonton will lead the way and form growth management boards moving forwards. We want to build on the success they've already had, and we will work with them in the coming months to finalize the composition and governance structure of those boards. We just have said: competition is over; it's time for co-operation.

Mr. Stier: I get the idea, but was there something that seemed deficient? Was there some sort of – I've lived there all my life. It seems that for the past 15 years, since the MGA came out, in '97, with the intermunicipal planning that most municipalities participated in, intermunicipal meetings, that seemed to be more or less satisfied. The CRP was going along fairly nicely as it was. They had made many meetings and had various joint agreements, and it remained optional. It seemed that most people had agreed to be happy with it. Then, suddenly, here at the AUMA convention someone mentioned that it was going to be imposed. What I'm trying to get to is: what stimulated that sudden, rash decision?

Ms Larivee: Like I said, the economic viability, the success of communities and of large metropolitan areas are dependent on the relationships that are there between the municipalities. No longer can we leave that to chance, but instead we need to ensure that those areas have the tools that they need in order to successfully build those partnerships and to move forward with that and recognize fully how interconnected they are and how their needs definitely transcend those individual boundaries.

4:20

Mr. Stier: Okay. I see that we're not maybe going to get where I was hoping to get in that regard, but thank you, and I appreciate your efforts on that. It's tough.

Let's move on a little bit, then. On these boards, now: we worked with a bill that came up a year ago that was talking about growth boards. Now suddenly the new government is talking more and more about growth boards. Beyond the CRP and the CRB, that we've just talked about, do you envision, therefore, and is your department, then, looking at growth boards throughout the province? Will they have growth boards – as an example, one per every one of the seven regions – that we're doing our regional planning in? Will these become the subregional plans that are

produced by these boards? How is that going to work? Does anyone have any response to that one? I guess what I'm wondering is: is the whole province going to go to regional boards?

Ms Larivee: Well, certainly, we have very much emphasized the importance of communities working together and building collaborative partnerships with one another, and our municipalities need to have the support that they need in order to move forward with that instead of competition. Certainly, our province needs to work better together to attract the investment we need instead of competing with each other, to create jobs instead of competing with each other, and to work together so that we can compete globally. What that's going to look like: as I've stated many times, it's about partnership with the municipalities; it's about communicating with municipalities and finding out what tools they need. As we move forward and develop the MGA and any regulations that follow that, it will be in consultation with those communities to determine what they need and the tools they need in order to move forward with those goals.

Mr. Stier: Okay. Minister, if I may and to my question, though, are we looking at converting to regional board systems throughout the province like we used to have many years ago? Is that where we're going?

Ms Larivee: I'd like to refer to my deputy minister to answer the question.

Mr. Stier: Thank you very much. That might be great.

Mr. Pickering: At this point we're just looking at our metro areas, Edmonton and Calgary. There is a theme that surfaced through the MGA review regarding intermunicipal sort of co-operation, intermunicipal planning. Right now it is a voluntary concept. So while a final decision hasn't been made on it, the growth management boards are to ensure that local municipalities collectively, together can make their decisions. If it was a subregional plan, that would be a provincial-level plan and would require cabinet to make those decisions, and I think we're striving to allow local jurisdictions collectively, together to make those decisions.

Mr. Stier: Okay. So it's not necessarily going to come up as new legislation in your business plan in the next three years for regional boards throughout the province.

Mr. Pickering: Well, the intent behind growth management boards right now is that in the current legislation, other than in the case of the mandatory Capital Region Board, it's a voluntary exercise. I think what was signalled by the AUMA is that there will be mandatory boards in the two metro areas.

Ms Larivee: I'm quite confident that I can say no, to answer that question.

Mr. Stier: Okay. Thank you. I appreciate your understanding of the depth and breadth of that question.

Okay. Just the last one in this segment, estimates, again page 196, operational: where would we see the expected costs, then, with these growth management boards? Would that be still overall under this line 7, Alberta community partnership? Is that where all these new, anticipated ideas would be funded?

Ms Larivee: Definitely. The Alberta community partnership portion of the estimates is where that funding would occur.

Mr. Stier: All right. Well, thank you.

Now, if I could – how much time do I have, Madam Chair, in this segment?

The Chair: Two minutes and 50 seconds.

Mr. Stier: And then we have the last 20 after that, correct?

The Chair: Yes.

Mr. Stier: Yes. Thank you.

Okay. Let's move into a nice topic called city charters. You know, last March we got into a little bit of this when we passed Bill 20, I think it was, the government amendment act, and there were several different components in that act that most of us felt were something that needed to proceed, and I think charters were there to some extent, although it was very, very brief with not a lot of detail. You know, it said in that bill that it would govern "all matters related to the administration and governance of the charter city, including, without limitation, the powers, duties and functions of the charter city."

Further to that, in priority 1.2 in your business plan it states that the ministry will "work with the cities of Calgary and Edmonton to ensure the city charter process is mutually developed so that these major metropolitan centres have the tools to govern efficiently and effectively over the long term." I think you've been restating a lot of that already here this segment, so can you just give me a little bit of help there? The business plan reference, by the way, is on page 84, desired outcome 1. Would you help me understand what the vision is for the city charters? Can you disclose some of that for us and clear a little of this up? Where is it going, in your estimation? What do we expect in the sense of time for that to be decided upon and concluded? Can you shed a little light on that, please?

Ms Larivee: Absolutely. Thanks again for the question. We are working with our two large cities, Calgary and Edmonton, to address the unique needs that they have because of being large municipalities, so we need to make sure that we work with them to develop a charter that respects the cities as economic and social drivers in the province. The charters will ultimately be used to give the cities more autonomy and independence because of the needs that they have.

They need the tools to provide quality infrastructure and service to Albertans as well as to manage their growth and compete globally, which in the long run will benefit the whole province. We're striving for charters that will remove barriers to innovation and to partnership and create the economic, social, and environmental conditions that will attract prosperity to those regions. We believe that the city charters will lead to more collaboration between the cities and the province, which will result in financial efficiencies and improved delivery of services.

As indicated in the business plan, we do anticipate completing this process prior to the fall of 2017. We expect to continue with those timelines, as previously indicated.

Mr. Stier: Thank you for remembering the last part of my question.

Ms Larivee: Yes.

The Chair: As requested, your second 20 minutes have expired.

Mr. Stier: Okay. Thank you. I'd like to carry on as we are. Thank you.

The Chair: Absolutely.

Mr. Stier: Okay. They've been operating for many years as they have been, and in the answer to that question I didn't get what would be significantly different, so let me put it a different way. Are they going to include taxation powers? You know, there are a lot of different things they might do. They might perhaps have internal road tolls, or who knows what else has been on the map in the media these days. But the question always comes down to: will it include taxation powers?

Ms Larivee: The truth is that we're relatively early in the city charter discussions at this point. We haven't even had the chance to talk about fiscal issues with the cities yet at this point. What we are working on with the city charters is ensuring the sustainability of Alberta's municipalities. The challenges that face them are wide ranging and unique compared to many of the other smaller municipalities in the province, so we're going to work with them to meet those unique challenges, to make Alberta's major centres stronger.

Those agreements will include a fiscal framework to ensure their successful implementation; however, as I discussed, the fiscal framework discussion has not begun at this point. However, I assure you that our government will listen to and take all points of view into account before coming to any decisions. Supporting economic development will benefit all Albertans.

Mr. Stier: Okay. Thank you.

So, then, if they are allowed to look at fiscal matters – I suppose, you know, that's a pretty broad topic – could that include perhaps a sales tax? Has that ever been discussed?

Ms Larivee: As previously stated, we haven't even had the chance to talk about fiscal issues with the cities yet, so we have nothing specific. However, I can assure you that consulting with the public is important to us, and any proposed changes will be posted online for everyone to see and give feedback to, including yourself.

Mr. Stier: Okay. In the past I can remember some of your predecessors, that have sat at this table before in a few previous years and have talked about this in some regard, and one of the comments came out at one time about how much funding we're giving, as an example, in grants and MSI. Perhaps without going back to where you were talking before and repeating, is it a consideration that other granting and funding like MSI be therefore then reduced if there were some kind of fiscal taxation powers allowed? Has any of that been batted around the table?

Ms Larivee: No. You can speculate on a variety of different issues around the fiscal discussions that might happen and the fiscal framework for the cities. We have not had those conversations at all.

Mr. Stier: Okay.

Ms Larivee: We've not entered those discussions at all.

Mr. Stier: Okay. You can imagine, you know, that a municipality has been getting funding, dependable, predictable funding, through MSI; then suddenly they're creating their own way to collect revenue. One would think the formulas would have to be adjusted under MSI. That's the reason I was asking that question.

4:30

Ms Larivee: Okay. Well, as stated, they do have their own unique challenges in terms of being sustainable and being competitive globally and providing that support for all of us in the province. So

we are talking to them about how best to meet those needs, and once we come to the fiscal discussion, we will have those conversations.

Mr. Stier: Super. I appreciate your understanding on these questions.

What about other municipalities? There are some smaller cities that are out there – Lethbridge, down close to my area, is an example – Red Deer, Grande Prairie, and so forth. Are city charters something that may be or has been discussed in some respect at all for those centres?

Ms Larivee: Well, the legislation within the MGA is not specific to Edmonton and Calgary, but we are starting there.

Mr. Stier: All right. Well, I'm going to move along now to something because of the time, and I think it's probably one of the most important ones that we're going to talk about tonight. Of course, I'm going to be talking about flooding. You know, I've got I don't know how many different other segments here that we could get into, but time is always the thing that robs us all, and tonight is another one of those. The southern Alberta flood was one of the most devastating things we've lived through. You were just visiting my home area, where we had one of the most devastating ones in Canada.

As you know, the DRP program had a lot of issues and so on and so forth, and I'll try not to get into a lot of the dramatics there. But what can you tell us about the status of the DRP today? Perhaps Mr. Schreiber, who has been directly involved – and I'm glad to see him here – could assist here. Minister, there's probably a status report we should look at first. That's what I instructed my assistant to help me with in these questions: where should we start? Let's get a report. Can we find out how many claims were totally received, how many have been paid out as of today, how many are left, and how much has been paid out? Maybe that's the way to go there. Hopefully, those answers are not too hard for you to respond with.

Ms Larivee: To date about 9,500 of the 10,600 disaster recovery program files from 2013 have been closed. I mean, certainly, we're committed to helping Albertans who were affected by the devastating 2013 floods. As I shared with the people from your hometown, I myself lived through a flood in Slave Lake as well as the fires in Slave Lake, so I'm aware of what it is. I certainly made the commitment to assist the community with moving forward instead of being caught in the past. We are aware that there were a number of problems with the program and have made that commitment to ongoing improvement with that.

Mr. Stier: Okay. One of the questions, to remind you: how many are left, then? Doing the math quickly, maybe a thousand?

Mr. Schreiber: Yeah. There are currently 1,104 files that are open across southern Alberta. Of those, 668 have been fully funded; in other words, we think we've given the applicant all the funding for which they are eligible. There are an additional 436 for which we have to do some additional work. With the announcement yesterday we think that about 450 of those remaining files that are fully funded and/or open will be able to be closed, plus another 200 are in the process of closing. We've essentially let the applicant know that we've given them all the funding, and we're waiting for a response from them. So there should be about 300 to 400 files left open after the effect of the announcement yesterday and the closing of those files that are essentially almost closed. We're just waiting for a response from the applicant.

Ms Larivee: The files that are open are the most complicated. Those are the only ones that are left. We are working quite diligently to move forward with that and ensure that Albertans get the help they need that they're eligible for while being fiscally responsible.

Mr. Stier: Okay. I'm going to be asking some questions in a minute, before you supply the answers early, to try to organize myself here because I know that some of these go to appeal, et cetera, et cetera, and the MGB is involved.

You've got other initiatives on this, and there was about a \$5 million budget. I think somewhere it was mentioned. Do you know how that was kind of allocated, that \$5 million? What was the justification for setting out \$5 million? Was there just an overall big number for all of Alberta that was arrived at?

Mr. Schreiber: What number are you looking at?

Mr. Stier: That would be operational, 12.6, I believe. Oh, pardon me. Let's skip that question for now, then. Let's move on. My apologies.

What do we think on the timing of that, then, looking at closing this down and getting this finally done?

Ms Larivee: I'm happy to speak on that. I was certainly talking to the advocacy group yesterday, and we're working with the goal of having them all closed by the third-year anniversary. Now, having said that, there will be a small portion of very complex files with which it wouldn't make sense, but they will be a very small portion. We're actively working towards that goal.

Mr. Stier: So are we talking, "Let's have this done by the end of '16"?

Ms Larivee: Yes. That would be the three-year anniversary.

Mr. Stier: Okay. Good. A lot of these now, as we talked about earlier, have gone to appeal. What's that process going to be like? The facts you just relayed to me, do they include all of the appeals as well?

Ms Larivee: No. Absolutely, it does not include the appeals. Certainly, they have their right to appeal once we've closed their files.

Mr. Stier: Okay. So are all of them going to the MGB, or is there still an internal appeal process that you work with? He's nodding his head, but I'm not just sure. Is it all going to the MGB?

Ms Larivee: Shane, if you want to explain.

Mr. Schreiber: There are really three levels of appeal. The first level is an informal appeal, where a DRP applicant can take their file to a caseworker and say: I think you've missed something. We'll review it at that level, and if we have missed something, we'll then provide funding.

The first formal appeal mechanism is essentially to me, the managing director. I have a separate appeals staff of about 20 right now, that has resolved 1,400-plus appeals. That staff then takes the file and does a first principles look, goes through it and makes a recommendation as to whether additional funding is warranted or not. Then I provide an answer.

The second and final level of appeal is to the minister. At the ministerial level there are really two ways it can go. It can go either to the MGB in the case of people who object to my interpretation, my application of the disaster recovery regulation, or if they simply

object to the program in general – like, “It doesn’t provide enough funding,” or “I was promised way more than this by somebody” – then it can be reviewed by a third set of appeals officers, that can then provide a recommendation to the minister for her final decision.

Mr. Stier: So, then, in the hierarchy of that, there’s the MGB, and then if that doesn’t work, the higher level is this third level you’ve just described?

Mr. Schreiber: No. It’s either/or.

Mr. Stier: Either/or. Okay.
Let’s move on, then.

Ms Larivee: And just to be clear, the MGB then would provide a recommendation to myself. So all of it would come back to me with that last level. They would give me a level of interpretation, but then it would be at my discretion to review that.

Mr. Stier: Okay. So considering all of that coming up, are we looking, as far as the estimates go here, at perhaps more money being required for this program? Have we put enough in there to satisfy all of these needs we have? You’re nodding your head.

Mr. Schreiber: Yeah. I think we have, given the 5 per cent contingency. It’s tracking that we’ve got enough.

Mr. Stier: Okay. Thank you.

The \$1.4 billion that was estimated as flood recovery costs for 2013: is there any of that money left? I’m talking about estimates page 198, line 12.1, again. Is that part of that?

Ms Larivee: The total that we’re expecting to have paid out will be the \$1.7 billion. In terms of the 2013 Alberta flooding our estimate for DRP for this year is \$452 million.

4:40

Mr. Stier: Okay. So that’s the one that’s in the estimates book there now?

Ms Larivee: Right.

Mr. Stier: Okay. Thank you.

All right. Yesterday you were down in High River, as we talked about earlier. This \$30 million for infrastructure: is that allocated in this budget here already? Which component is it, please, or is it new money?

Ms Larivee: Actually, you would have to speak with the Minister of Environment and Parks on that because that was for flood mitigation, which would be part of her estimates.

Mr. Stier: Right on. Thank you. We will do so.

Okay. How are you going to support a lot of these things afterwards? How are we going to be set to deal with this? Have you learned something from this program? Are there things you would do differently? Are you ready to go with the next Slave Lake? You know, I’ve read the Slave Lake report. It was very interesting. Are we going to do one for High River and see how we can do better?

Ms Larivee: Absolutely. We’re constantly learning as we go along, with what support we provide, both in the midst of a disaster, with providing that support, and then also providing the recovery afterwards. I look forward to working with department staff to

discern what the best way is to move forward and how we can improve the services we offer to Albertans.

Mr. Stier: Then in the budget are we seeing somewhere funding for an independent, arm’s-length type of a consultant to come in to do a report such as what they did with Slave Lake?

Ms Larivee: At this point we haven’t costed that out. We could do that as part of the DRP transition, but that isn’t incorporated at this point.

Mr. Stier: Okay. Thank you very much.

I’d like to move over now to the Emergency Management Agency if I could. We’ve put together a few questions in that area. As we’ve talked about, it’s a very important – very important – department, and lives depend on it. Last year – and we have to talk about money, unfortunately, in this business we’re in – the director’s office managed to operate on only \$473,000. What was the major reason the director’s office operated significantly under budget? Am I safe to assume that that is what occurred this past year in terms of spending for the managing director’s office? Isn’t it expected that the budget would almost mirror the one before? That’s line 9.1, by the way.

Ms Larivee: Right. I’ll happily speak to you about that. The 2015-16 estimate increase of \$269,000 is due to fewer grants actually being paid out to stakeholders for emergency management initiatives in 2014-15. So that’s where the difference comes from.

Mr. Stier: Okay. All right. And at line 9.2 what is covered under the public safety initiatives, and why the reduction there? Same page, line 9.2.

Ms Larivee: The public safety initiatives branch is involved in a variety of activities, including the establishment of emergency management training standards, the development of emergency management training materials and the provision of emergency management training, the co-ordination of federal-provincial-territorial relations through the senior officials responsible for emergency management and the Canadian Council on Emergency Management organization forums. It conducts legislative development for the Emergency Management Act and its associated regulations on behalf of the agency, provides emergency management and internal AEMA policy development as required under the government emergency management regulation, provides oversight and coordination of AEMA finances, and co-ordinates all emergency management communication.

The 2015-16 estimate decrease from the 2014-15 budget is due to the transfer of the co-ordination and maintenance of the Alberta emergency alert and provincial stakeholder notification system and the delivery of the 911 program moving from public safety initiatives to provincial operations.

Mr. Stier: All right. Fair enough, then. Thank you for that.

The next question was related. I’ll skip that one.

The responsibilities of recovery operations: is it a new department? How was the budget arrived at, and with previous years why was there no funding with that? That would be line 9.4, I guess.

Ms Larivee: This program provides for the general administration of disaster recovery programs. It also funds initiatives related to improving Alberta’s disaster prevention, preparedness, and recovery. Disaster recovery programs are created and funded as disasters occur. In the past the disaster recovery programs were

administered by a third-party contracted service provider. In 2014 the administration of DRPs was brought in-house and is now a significant component of this program area. The significant change is primarily due to the movement in-house, with the idea that the third-party provider posed some problems in terms of that, which you could relate to. So we feel we can improve those better services to Albertans who are in the midst of recovering from disaster.

Mr. Stier: Okay. Thank you.

Down to 9.5, same page, operational. We're talking there about disaster recovery as a topic, I guess, and, you know, sometimes disasters are kind of common. In High River, as an example, I remember when we had the flood there in '05; we didn't expect seven years later to get it again, but we did. I'm just wondering: when you look at that line number, how can you explain the \$200,000? Where did that come from? Thirty-two million was spent the year before. I suppose it's easy to say, then, that the \$32 million amounted to all the different things that we did during the flood, and then you just nominated the \$200,000 as a flat figure to put in there in case it happened again.

The Chair: I apologize for the interruption, but the scheduled time has concluded.

I would now invite the member from the third-party opposition to speak. Would you like to share your time with the minister?

Mr. Drysdale: Yes. That would be good if it's acceptable.

I'd like to thank the new minister for being here today. That's kind of initiation by fire, I guess, jumping into estimates right away. I know you have good, capable staff beside you and behind you, though, so that's good. It's unfortunate, going second after Mr. Stier; he stole most of my good questions. I'm going to try and rearrange them because I wasn't totally satisfied with some of the answers, so I'll see if I can get a little different answer on some of the questions. Hopefully, I'm not repeating too much.

When it comes to linear assessment – he talked about that quite a bit, and I know the previous minister alluded to it at the AUMA, and there was some confusion over what that meant – and looking at changing it: I think you used the word “reviewing.” You know, it's just that a lot of the rural municipalities are feeling pretty uneasy about that statement, so I guess, like you say, you're going to review it going forward. I don't suppose I can get you to say that you're not going to change it. You're still going to review it. You're not leaving linear assessment.

Ms Larivee: Well, thanks for the question. As stated, we're reviewing it and reviewing it in consultation with the municipalities as some of them have introduced that as a potential concern for them. As discussed, we will be consulting with the municipalities and considering the needs of rural Alberta families. We're examining whether the current assessment structure is working for rural Albertans. Part of reviewing the MGA is reviewing all components of that, including the linear assessments. We look forward to looking at all the complex interactions within the municipal taxation systems to determine what works best for rural Albertans in consultation with the rural Alberta municipalities.

Mr. Drysdale: Okay. Maybe when you're reviewing it, then, you could add one item because, you know, you're reviewing whether urban municipalities can take the assessment away from rurals with linear. Plus, if an urban develops close to a city, then the city can annex that development, that the rural municipality has invested in, so they lose assessment both ways. Maybe when you're reviewing linear assessment, you can review fixed boundaries for urban municipalities. At least if you fixed the boundaries of the big cities,

then they can't keep stealing other assessments. So while you're reviewing linear assessment, maybe bring up the topic and review fixed boundaries with them as well.

4:50

Ms Larivee: As stated, the MGA review is about looking at what the needs are of the municipalities in this province. We're not doing that on our own; we're doing that with full and extensive consultation with those municipalities. We will work to create a system that allows rural Albertans to thrive and certainly not just Albertans. We'll consider all of them in terms of creating municipal taxation systems that work across entire regions.

Certainly, there was a lot of presupposition in a lot of the statements that you made in terms of what the outcome may be. The outcome is not determined. We are looking at what Albertans need in order to be successful and what Albertan municipalities need in order to provide the support they need to Alberta families, and we look forward to the ongoing consultation with them to determine what works best for all of them to provide that support.

Mr. Drysdale: You know, you answered that, but you didn't answer the question about fixed boundaries. Are you going to add that to your review as one of the questions? I guess that's what I'm asking. When you go out and talk to municipalities about linear assessment . . .

Ms Larivee: No. We're looking at intermunicipal plans and intermunicipal co-operation as opposed to looking at it from that perspective. So, no. The answer is no.

Mr. Drysdale: So you're not looking at linear assessment, taking it away from rurals, then?

Ms Larivee: Again, you're talking about taking away as if we have some presupposed outcome in mind when instead we're looking at what municipalities need in order to provide the support to their families. We will be, you know, definitely working with them to determine what those structures are, and we have no presupposition of what the outcome of those discussions is going to be.

Mr. Drysdale: Yet you won't even consider boundary review. But I'll drop it because you're not going to go there, obviously.

Maybe getting a little more specific so it gets away from overlapping questions: I know the answer to this one, probably, as well; Brad knows it, too. We had a small municipality in my constituency that had some unfortunate circumstances, where one of their councillors passed away and a couple of others left. They were a small municipality, so it left them with five councillors. They tried to have a by-election, and they were looking for two more councillors. That was before one passed away. They only had one apply, not two, so they wanted to appoint the one to council, and Municipal Affairs said: “No. You wanted two, so we won't give you any. We won't appoint the one that applied because you asked for two.” Somehow, legal opinion said that that's what they had to do, and I guess that's the right answer, but, to me, the logic doesn't fit in there. I don't know what your comments would be on that. It was a very good councillor that applied, and they would've been glad to have him on council, yet you wouldn't appoint him.

Ms Larivee: Right. Certainly, as a ministry we are confined to what the legislation, that we've created, you know, as a democratic body, confines us to, so based on the legal advice, that was the decision that we had to make at that time.

Mr. Drysdale: Yeah. Sometimes it doesn't always make common sense, but you have to follow the lawyers' advice.

Ms Larivee: That's why we do things like MGA reviews and talk about governance.

Mr. Drysdale: Yes. Maybe you can add that one to your review as well, then, please.

Switching a little bit to safety codes, I've had some concerns, and you've probably had them, too, on the fire regulations for sprinklers in residential housing for persons with disabilities. You know, there are a lot of residential houses out there that rent to groups that'll have a supervisor in there, and they'll have maybe two or three persons with developmental disabilities. The new regulations now are forcing them to put sprinklers in these residential homes, and it's just too cost-prohibitive. In the homes they're renting, the renter is not prepared to put that expense in there, so they're not going to lease to them. It's actually making things quite difficult for group homes with persons with disabilities. I know they don't like to call them group homes. I'm sure you've been asked that before. Have you got any answers for that?

Ms Larivee: Right. Certainly, those concerns were raised. As a result, our government was very responsive in providing a six-month extension to the Human Services PDD safety standard regulations. There are upcoming consultations moving forward, led by Human Services, to look at the impact of those inspections for homes. Certainly, we are considering the extension of the PDD safety standards regulation, by Minister Sabir, as a pause period for compliance under the Safety Codes Act for these homes.

They will still need to meet, moving forward, the basic residential occupancy requirements. We have a lot of compassion for those people and certainly want to work with those organizations in order to provide safe housing for PDD clients. We will work with those organizations and those individuals to come up with an outcome that works best for all of those, so we're looking forward to that consultation moving forward.

Mr. Drysdale: Thanks for that, but it's kind of a six-month reprieve, and I think it's already had a couple of months or – I'm not sure – a month or two. You know, when you talk about consultation, you're probably not going to get it all done in the next few months. At the end of that six months will you extend it some more, or will these people be evicted out of there? Hopefully, you'll have some compassion.

Ms Larivee: The extension at this time is till March 31, 2016. As we move forward, again, we're committed to working with the families and individuals with PDD. If need be, we will evaluate at that time what needs to happen moving forward.

Mr. Drysdale: Thank you.

Next, you know, you talked about these growth management boards. I know you said that right now it's Edmonton and Calgary. I don't know if it's – I think it was kind of asked by Mr. Stier, but is the intent to make places like Grande Prairie do one, too? Is it going to be forced or mandatory for them to do that? Is it going to be a regional planning board, or we're going back? That was kind of asked. But in some places the people want it, and some of the municipalities want it, but if everybody wants it but one municipality, what's the solution there?

Ms Larivee: Right. Again, you know, I've spoken to this many times, about working with the municipalities to give them the tools that they need in order to take care of the Albertans that reside in them. There are a lot of connections, and we are moving forward with the MGA review, recognizing those connections. Certainly, as I've discussed in terms of the city charters, Edmonton and Calgary

have some very particular needs because of their large size. That makes them unique compared to some of the other communities. In terms of imposing regional boards, that's not the intent at all. However, we are supporting and encouraging co-operation and collaboration to avoid the competition that actually inhibits economic growth and development and inhibits the co-operation that's needed to provide the best services to people within their areas.

Mr. Drysdale: That's good, but I don't think you quite answered the part: if all the people want it and there's only one municipality that doesn't support it, is there a way for the people to make it happen? Or has it got to be one hundred per cent agreed or it doesn't happen, I guess?

Ms Larivee: Okay. As I stated, areas like Edmonton and Calgary are very unique. When it comes to Edmonton and Calgary, we have moved forward in terms of mandatory growth management boards to recognize that municipalities need to build those successful partnerships, and it's not optional that they do so. Those partnerships can't be left to chance. We're using the growth management boards moving forward, so Calgary and Edmonton can lead the way and show how that co-operation can really enhance the well-being of the Albertans in their communities as well as the rest of the province. We will work with those organizations to move forward in terms of their composition and governance. If we look at Edmonton as a model, having that made mandatory has allowed them to make great strides. They've accomplished a lot as a management board, and we're looking forward to seeing some similar strides for Calgary.

Mr. Drysdale: You know, I get it. You didn't quite answer the part about – I know Edmonton and Calgary are mandatory. Again, if there's another region that wants it, all but one municipality, is there a way for the people or the other municipalities to work with your department to force it or not?

5:00

Ms Larivee: We've not included anybody other than Calgary and Edmonton as mandatory. That's not our intention. We're looking to have municipalities work together to develop those and try to support them in co-operating and collaborating as opposed to imposing regional boards. That's not the intention at all.

Mr. Drysdale: So I take it that there has to be a hundred per cent agreement or it doesn't happen. I get it.

Moving on to the new-home buyer protection, through my office I've had a lot of complaints over the last few years, and I don't know if it's improving or not. You know, if a person is building their own home, they have to apply for the exemption. In the past it has taken a long time to get an exemption, and then it costs you \$900 to not get a permit. It costs you \$900 to get an exemption. You know, I've known cases where people have gotten development permits and everything else and are still waiting for the exemption for the new-home warranty. Hopefully, that turnaround has improved. I don't know if you can comment on that.

Ms Larivee: Thank you for bearing with me as we work together.

Mr. Drysdale: You're doing very well for a new minister.

Ms Larivee: Well, thank you very much.

What you're asking for specifically is some direction around individuals who are building their own homes and obtaining the exemption.

Mr. Drysdale: Yes.

Mr. Pickering: On that there was a bunch of communication that has gone out dealing with those applicants, and I think they're dealt with on a timely basis. The ones that actually go and get the new-home warranty: basically, a lot of that can be done online. The other applications are reviewed by staff, and then a decision is made. Some of that backlog has subsided now just in the context of people understanding sort of the process.

Mr. Drysdale: The timeline has probably improved, then, I take it. So is it true, then, that it does cost \$900 to get an exemption?

Mr. Pickering: I think it's \$700, as I recall.

Mr. Drysdale: So it costs \$700 to get an exemption, for not having to get a permit.

Mr. Pickering: For not having to get a warranty.

Mr. Drysdale: A warranty, yes. It seems strange, but if that's the case, that's good. Thank you.

Moving on to the Alberta Emergency Management Agency, to that capital investment there. I think it was on page 201. It shows the one year, I think \$3.5 million. I assume that's for their capital investment. They wanted to add on to their facility and improve it. I assume that's what that's for. I just wanted to make sure that that's for the expansion of their facility. Is that enough, or is it out in further years?

Ms Larivee: As previously stated, using a third-party provider for a disaster recovery program in the past did not necessarily lead to the best outcome for Albertans that were affected by disaster, so Municipal Affairs made the choice to move the disaster recovery program in-house in order to provide that support. Those funds have been allocated for the cost of building the IT system to administer the disaster recovery program. The total expected cost is \$9 million over three years, with 3 and a half million dollars allocated for this year.

Mr. Drysdale: But that wasn't all for IT. That was for building expansion as well, right?

Ms Larivee: No. That was for IT.

Mr. Drysdale: But didn't they need to expand their building as well?

Mr. Schreiber: The overall costs for bringing the DRP in-house were about \$6.4 million; \$4.5 million of that is for staff wages, essentially for staff. The remainder goes to facilities, goes to travel, things like that. That's where the additional accommodations are cost captured.

Mr. Drysdale: Okay. I'm probably on the wrong line, then. There was a request to build a new facility for emergency management. It was a big request, and I think it got scaled down. I must be on the wrong line. That's why I didn't think that was enough.

Ms Larivee: Right. Okay. Well, I think I can answer some of the question. I believe that in the past there was some thought that maybe a new facility would be in line for the AEMA, and that was not approved, and that's not included in the budget. That value was strictly for IT.

Mr. Drysdale: So they're staying at the old facility there, then? There's enough room there to do the expansion?

Mr. Schreiber: As part of the capital plan there was \$70 million requested for a new joint provincial operations centre. That didn't

make it onto the capital plan. What has instead happened is that there was \$1 million allocated to Alberta Infrastructure to do an additional study to see whether or not we could repurpose some existing infrastructure, some existing GOA infrastructure, that might fill that function in the future.

Mr. Drysdale: So you've initiated a study for that?

Mr. Schreiber: We're planning on it, yeah.

Mr. Drysdale: Thanks.

Why did the government remove the predictable, fair, and transparent assessment and property tax system, you know, along with the auditing compliance from being a priority initiative? It was one of the priorities in the old government, and that's been removed.

Ms Larivee: Certainly, we consider it a priority that we continue to share information and are open and transparent. We are wanting to develop measures in terms of performance moving forward that are most relevant and are a better measure of progress. We are committed to greater accountability in achieving our outcomes moving forward.

The Chair: I apologize for the interruption, Minister. We've run out of allotted time at this point.

Based on the concurrence of the committee, I will now call a five-minute break. We will reconvene at 5:12.

[The committee adjourned from 5:07 p.m. to 5:12 p.m.]

The Chair: I would like to reconvene this committee meeting.

I would now like to invite the hon. member who represents the Alberta Party to speak.

Mr. Clark: Thank you very much, Madam Chair, and thank you and congratulations to the new minister. You've acquitted yourself very well given the short period of time that you've been in your role, and I want to thank very much your staff for their attendance this afternoon and for their comprehensive and expert answers.

I'm going to focus primarily on the disaster recovery program. As the representative for Calgary-Elbow this is something that is of great interest to my constituents. I'm going to dive fairly deep. I note that some questions have already been asked about the DRP, but I will note, with a hint of disappointment, that most of those questions have been quite superficial, so I will dig deeper. I'm going to base my initial set of questions on a report prepared for the Alberta Emergency Management Agency DRP program review from May 31, 2012. I imagine you're familiar with that.

The Chair: Hon. member, if I could just interject and have you clarify if you would like to go back and forth with the minister.

Mr. Clark: I'm sorry. Yes, I would like to go back and forth. This is a bit of a soliloquy here at the moment. I'm also adding some interesting vocabulary for our friends at *Hansard*. So, yes, I would like to go back and forth. Thank you.

The Chair: Thank you.

Mr. Clark: I will start with this AEMA DRP report. The first of the recommendations, recommendation A.1, was that the AEMA should establish a performance management framework, which is defined as a "full management cycle of planning, managing towards expected performance targets, and reporting on and evaluating results against the objectives [of those] performance targets." My question is: Minister, has this been done, and if not, why not?

Ms Larivee: Okay. Thank you so much for the question. I just wanted to state that we were in the midst of attempting to implement some of those recommendations prior to the 2013 flood, at which time things were kind of blown apart by that flood. Certainly, those recommendations along with the learning that we had along the way are going to be incorporated.

Shane is the expert on the AEMA. Do you have anything to add on that?

Mr. Schreiber: Yes. I think that the report you're referring to is commonly referred to as the 2012 KPMG report. There was, in fact, an implementation plan. We were working towards implementing a bunch of the recommendations from the KPMG report when the 2013 southern Alberta flood incident happened. Essentially we've had to try and build the new DRP program on the fly, but in the new DRP, the transformational DRP, we will incorporate those recommendations.

Mr. Clark: Okay. I note that you referenced recommendation A.2 earlier, which is implementing a technology solution, so I will skip over that one.

I'll skip ahead to recommendation A.5, program guidelines not being clear to applicants. Now, anyone who has spent any time at all with DRP over the last two and a half years and certainly anyone as an end-user of the system I'm sure would agree that the program guidelines are unclear. If you'll give me a moment, I'll take you through a couple of sections of the Alberta disaster assistance guidelines.

Section 1.2.1 says: "DRPs are intended to assist in . . . financial assistance to help repair and restore damaged homes." Now, that's a pretty general statement. I'm going to really dive into section 3.6, section 3.6.1 in particular. It references "the actual costs required for repairing or restoring an item or facility to its immediate pre-disaster functional condition," although again I note, "as determined by the AEMA," which adds a fair degree of latitude, which may be part of the reason that we're seeing so much confusion here still, two and a half years later. Section 3.6.5 references that the DRP is eligible to be applied for "additional repair or replacement costs required to meet current federal, provincial and municipal codes and standards for construction, access, fire and occupational safety."

Now, as you referenced, several of those files – I think the number you used was 300 to 400, if I'm not mistaken – you consider still open and in various stages of being closed for other reasons. I would suggest that some of the confusion around exactly what this means is probably the result of why those files are still open. I can tell you specifically from some of my constituents that they are really struggling with these sections of the disaster assistance guidelines. Minister, can you comment at all on your perspective of exactly what you feel DRP should cover?

Ms Larivee: Absolutely. I'm happy to comment on that. The disaster recovery program clearly was never intended to be an insurance program. That was not the intent of it, and it's not specified there either. In the first reference that you made it stated restoration in terms of function. Restoration in terms of function is not necessarily restoration in terms of exactly the way that it was prior to the disaster. Certainly, we would expect that it would be built, you know, according to code, but that doesn't necessarily require it to be replaced exactly as it was prior to the flood. We want Albertans to be able to get back on their feet, and we are happy to do that afterwards. However, again, it needs to be clearly stated that we're not like an insurance program in which replacement would be exactly the same as it was prior to the disaster.

Mr. Clark: I appreciate and recognize that. As you and I talked about very briefly in the hallway about a week ago, I think that as you look at the – and I apologize if I get my terminology incorrect – DRP transformation, or transformational DRP, going forward, I do think it's incumbent on your department to be very, very clear with Albertans about what DRP is and isn't. I think a big part of the challenge that we're facing right now is that there were some very unrealistic expectations set by the previous government – one can only speculate as to why – but welcome to being the government of Alberta. You've got some hard choices to make. At the same time there are many people who have an expectation, and I think a realistic one, of the DRP program.

I'm going to move on here to section A.7 of the KPMG report, which references: "Additional information should be made available to assist applicants." I'm just going to take you through a brief scenario one of my constituents shared with me, and this is part of the case management challenge that has happened with DRP. We've heard many stories of lost files, of files being found, of files being closed, of files being reopened. This constituent between August 13, 2013, and March 2014 received three different DRP compensation payments, with little or no explanation or means of reconciling what they were being compensated for. They received a fourth and a fifth payment, described as, quote, unquote, other, an insurance recalculation adjustment, having never applied for anything from an insurance recalculation perspective.

5:20

They contacted their case manager and had a very difficult time receiving any sort of reconciliation of these payments. They interpreted the March 2014 payment as being a final compensation and then filed their application for review in April 2014, but it was refused then on the premise that the file was not closed at that point. They received an e-mail from the department stating that their program had received the full eligible funding for the repairs.

As you can imagine, they're deeply confused about exactly what the status of their claim is. Now, I suspect – and I will write you a specific letter about this case – this is one that is going to find its way onto your desk. This particular constituent has been very diligent in his research, to the point of doing a FOIP request. The Alberta disaster assistance guidelines, the 2012 version, and the disaster recovery program handbook for owners and tenants refer to items covered and the maximum for these items, but I understand through the work he did through a FOIP request that it was determined that there were, in fact, new maximums created within the department, referred to as a minimanual or a minimatrix. Can I ask you, Minister: is there such a thing as a minimanual or a minimatrix?

Ms Larivee: Shane, if you can answer that for me. Thank you.

Mr. Schreiber: Yeah, there was. It was developed by the contracted service provider that we had, and that assisted their employees in trying to establish, you know, exactly what level of funding they should have. For instance, if the maximum eligible funding for a television was \$400, people didn't automatically get the maximum if your television wasn't going to be worth that much. So they used the minimanual to help guide them. We use the minimanual for the 2013 program because we have to. That's the way we started under the contracted service provider, so we continue to go back to the minimanual. In some cases where it's been proven to us that those funding levels are not reasonable and accurate, we've made a few changes to the minimanual, and then for future programs we're in fact going to use an insurance product

or a product that is essentially the gold standard that insurance companies use.

Ms Larivee: Just to clarify, those issues that you brought up at the beginning, those issues with that had to do with the fact that we were using a third-party provider. That ended up with very unsatisfactory services for the people in the DRP program. In response to that, we did move that in-house. You can imagine how difficult it is to take something of that scale and move it in-house, basically on the fly, in the middle of things, building the boat as we're going down the river, essentially.

It's clear that there were a number of problems with the DRP program as set up previously and that we do need to do better. Certainly, when I met with the High River DRP advisory committee yesterday, I made a commitment that as someone who understands what it's like to have been in and lived through a disaster, we would work together to make that program better. Having said that, there are those programs in place in terms of appeals for good reason. There were a lot of issues that happened throughout the program, so please do direct them to that appeal process. Please do. If it's required, have it land on my desk so that we can work together to provide them the support that they need. Any feedback that we can get in terms of evaluating the process to improve it for future claims is greatly appreciated.

Mr. Clark: I'm certainly open, and I certainly offer to be of whatever assistance I can to you as minister to give you some of that experience on the ground. I guess my concern, my question is relating to that minimatrix. The disaster assistance guidelines are published online. Is the minimanual or any of that similar information which you're actually using available online, publicly disclosed as opposed to only being accessed through FOIP? In the DAG and in the disaster recovery program handbook it says: here's how much you can get. But you're using a different document to determine these numbers, which may be the source of confusion as to why these cheques show up with kind of seemingly random numbers.

Mr. Schreiber: Right. Because the handbook talks about maximums, and then the minimanual guides the actual determination of how much funding is going to be done. To the best of my knowledge, the minimanual is not available online because that's an in-house document that helps those people processing the claim in-house. However, in the case of High River and others we will make the minimanual available, or the caseworker can walk the individual applicant through using the minimanual and explaining the rationalization as to why, exactly, a certain funding level was provided.

Mr. Clark: Okay.

Ms Larivee: Yeah. There's no intention, just to be clear, in terms of not being transparent, and we're happy, if there are any questions at all, to assist those claimants through the DRP process to get the answers they need to be clear on why the decision was reached on their claim and then to assist them if they have any questions or concerns moving forward with that.

Mr. Clark: All right. Boy, I've got more questions than I have time, so I'm going to move forward here.

I'm going to skip ahead, then. I understand, based on the report of the Auditor General from March 2015, that your department is currently developing a floodway development regulation and working in concert with Environment and Parks on flood hazard maps. My question to you, Minister, is: are you going to revisit a

floodway development regulation in the context of the very welcome flood mitigation announcement made just last week?

Ms Larivee: My apologies.

Mr. Clark: I can ask again. That's okay. No problem. You've only been on the job one week.

Ms Larivee: Right.

Mr. Clark: I'll ask that again.

Ms Larivee: Yeah, please. Thank you.

Mr. Clark: There's a floodway development regulation under development by your department. Are you going to revisit that regulation in the context of the very welcomed flood mitigation announcement for, in particular, the Springbank project?

Ms Larivee: Right. Absolutely. The floodway development regulation is based on the Environment and Parks maps. It is about building safe communities and restricting areas most prone to flooding in order to protect those Albertans. We will restrict new and existing developments in mapped floodways, so that is dependent upon the mapping that will be completed moving forward.

Mr. Clark: I apologize with great respect. I just want to make sure I use my time here well.

Ms Larivee: Right. Uh-huh.

Mr. Clark: If that new mapping either shows in a mitigated context that the floodway is less than we thought or Environment and Parks implements what they are referring to as – oh, it escaped my mind. Special policy area zoning is what they refer to it as. If E and P comes up with special policy area zoning which says, "This area used to be in a floodway. We built mitigation. We're still technically in the floodway, but because of mitigation the water is not going to flow there" – are you co-ordinating with E and P as they go through the process not only of mapping but also of doing flood mitigation?

Ms Larivee: Yes, absolutely. It is about reducing property damage and risk. We want to find that balance between public safety and that respect for investments made by property owners. We need to provide that information so municipalities can move forward to support their residents, and we will incorporate the new information on the flood mapping as it comes forward to influence that regulation.

Mr. Clark: Okay. Good.

To that end, then, as I look at the six departments that are all jointly accountable for \$1.4 billion in approved flood mitigation funding as of March 2015 – that specific number may have changed – what are you doing to ensure that all of this work is aligned, that things like mapping, mitigated realities, the zoning that you're talking about are aligned? Would you consider re-establishing the flood task force or similar to ensure that you're managing cumulative impacts and that the various departments are operating in a co-ordinated way?

Ms Larivee: Actually, that definitely has been considered already in that we have a crossministry working group that was created to ensure the ongoing exploration and co-ordination of integrated policies related to flood hazard areas. Certainly, we want to work together to ensure that we have that consistent information across

all the different ministries and to make our decisions together to best protect those people within the floodways.

5:30

Mr. Clark: Okay. Then your department owns the floodway relocation program policy, as I understand it. I know Infrastructure is implementing the demolition of the 17 homes in Calgary-Elbow in particular. Will you reconsider the floodway relocation program, in light of the mitigation announced, to the point where you will consider reselling those properties back into the market to recover at least a portion of some of the money wasted on the floodway relocation program in the first place? Will you also, then, delay the demolition of those homes while we figure out exactly what's going to happen there?

Ms Larivee: Well, certainly, a lot of those decisions are based upon the mapping, so we are awaiting those results to determine some of our actions moving forward. Again, we want to balance that public safety against the investments, and we would like to do our very best for those people affected by the floods to come to an outcome that allows them to move forward in the best way possible.

Mr. Clark: These are properties that are owned currently by the province of Alberta, purchased under floodway relocation.

Ms Larivee: Uh-huh. Right.

Mr. Clark: There's been an RFP issued by Infrastructure, which I believe expires on November 9, to make a decision. Are you working with Infrastructure specifically on the floodway relocation program, and can you provide them some guidance about your plans with regard to these properties going forward?

Ms Larivee: Right again. Infrastructure does own those properties, and certainly it does fall more within their mandate to answer some of your questions. However, we are working, again, across ministries to come up with the best solutions moving forward, so we will be having those conversations.

Mr. Clark: Okay. I really would encourage you to do that. I sat down with Minister Mason. We had a good discussion about it. I understand you own the specific policy. The demolition guidelines are based on a policy that said: did the home sustain main-floor damage, and can you move the house? Well, these are houses that are right in the middle of inner-city Calgary. Most of them sustained main-floor damage. Some of the great inequity here is that there's an inch above main floor where a house gets a full-shot buyout, and literally 10 feet across the street a house is barely eligible for \$10,000 in DRP. That's created big challenges in the neighbourhood, but it's also not a great use of taxpayer dollars.

My question to you is: are you willing to revisit those demolition guidelines and consider reselling homes, that actually had people living in them postflood, that are not mould infested, those sorts of things, as a way of recovering some of the taxpayer dollars as well as putting those communities back together again?

The Chair: Thank you, hon. member.

I would now like to invite a member from government caucus to please speak.

Are you splitting your time with the minister?

Mr. Dang: Thank you, Madam Chair. Yes, if the minister would like, we'd like to split our time. I will also be sharing some time with my colleague the MLA for Stony Plain.

The Chair: Thank you.

Mr. Dang: Cool. I'd just like to acknowledge, again, that, being a relatively new member to cabinet, I think you've been doing an amazing job. It's really commendable that you've been able to get right to it here. I know a lot of these questions that we're going to be asking have already been covered partially by members opposite, but if you would indulge us.

Since MSI is a very significant part of municipal funding, we're curious. What is the formula used to calculate how much money municipalities have received from the municipal sustainability initiative, Minister?

Ms Larivee: My apologies as we transition things along here. Can you repeat, please?

Mr. Dang: Sure. Minister, being cognizant that a lot of the monies allocated to cities are through the MSI, what is the formula used to calculate how much money municipalities received from the municipal sustainability initiative?

Ms Larivee: Okay. Thank you for the question. Annual MSI funding is allocated to all municipalities on the basis of a formula developed in 2007, following extensive consultation with over 450 municipal representatives. Each municipality receives base funding of \$120,000 per year except for summer villages, which receive \$60,000; \$9 million per year in sustainable investment funding is divided between municipalities that have populations below 10,000 and limited local assessment bases. The remaining funding, which is the vast majority of annual MSI funding, is allocated 48 per cent on population, 48 per cent on education property tax requisitions, and 4 per cent on kilometres of local roads. So the formula addresses the needs of all sizes and types of municipalities and treats urban and rural municipalities fairly and equally.

Mr. Dang: Thank you, Minister.

Is there anything that you could elaborate on, maybe, with allocations for the basic municipal transportation grant?

Ms Larivee: Certainly. Thanks for the question. The allocations for the BMTG component are based on municipal status. Calgary and Edmonton receive funding based on litres of taxable road-use gasoline and diesel fuel sold in the province, and the remaining cities and urban service areas receive funding based on a combination of population and length of primary highways. Towns, villages, summer villages, improvement districts, and the townsite of Redwood Meadows receive funding based on population, and rural municipalities and Métis settlements receive funding based on a formula which takes into account kilometres of open road, population, equalized assessment, and terrain.

Mr. Dang: Thank you, Minister.

Now, being cognizant that Alberta isn't only an Edmonton-Calgary province, does the formula account for differences between urban and rural municipalities?

Ms Larivee: Absolutely. The funding formula for the MSI component accounts for differences between municipalities on the basis of their population size, the amount of education tax they collect, and the length of their local roads. It is not on the basis of what municipality type they fall into. So municipalities with larger populations, higher education property tax requisitions, and a larger local road network receive a higher proportion of MSI funding than smaller municipalities regardless of whether they are urban or rural. Determining MSI funding through the incorporation of population, education property tax requisitions, and the length of local roads

takes into account the unique nature of each individual municipality rather than solely being based on broad municipal types.

Again, as stated, the MSI formula was developed in 2007 after extensive consultation with over 450 municipal representatives.

Mr. Dang: Thank you, Minister.

Is there anything else that you could elaborate on for the BMTG again?

Ms Larivee: Right. The funding formula for the BMTG component accounts for differences between municipalities on the basis of their status, so urban municipalities with the exception of Calgary and Edmonton receive funding that is largely per capita based, and rural municipalities receive funding based on a formula which again takes into account kilometres of open road, population, equalized assessment, and terrain.

Ms Babcock: Thank you, Minister.

My communities in Stony Plain rely heavily on their MSI funding for work on long-term projects within our communities. The previous government had promised municipalities \$11.3 billion in MSI funding by 2016-17. Is this government going to be able to make good on this commitment?

Ms Larivee: Thank you for the question. As previously discussed, our government recognizes that this program, which was designed to provide \$11.3 billion over 10 years, will not be fully allocated by 2016-17. We are, however, looking at ways to extend that support. We will need to amend the long-term agreement in the near future to address program extension, and we've been keeping municipalities in the loop and consulting them about that requirement.

Ms Babcock: Thank you.

Stable funding ensures that communities such as mine can make long-term plans for projects in their municipalities. It is important that municipalities can make these decisions as the community knows best which projects should be completed. You say that the MSI funding is stable and predictable, but estimates show a reduction in MSI.

Ms Larivee: Right. Thank you for the question. Again, as previously discussed, the budget does show a decrease in MSI capital from the 2014-15 budget; however, this is because the municipalities received an advance of \$398.9 million in March. In July, as part of interim supply, municipalities were given another \$497 million. In terms of the calendar year, on which municipalities do their budgeting, it is a total of \$896 million, or about \$25 million more than 2014. We are very much committed to supporting infrastructure that promotes economic development, invests in the province's economy, and keeps Albertans working. This ensures that municipalities have the capacity to meet their current infrastructure project commitments in order to work with us to take care of the needs of Albertans.

Mr. Dang: Thank you, Minister.

Looking here at the budget, we can see that one of the larger line items is the federal gas tax fund. We were wondering if you could elaborate on how the funds for the federal gas tax fund are allocated.

5:40

Ms Larivee: Okay. Thank you for the question. The federal gas tax fund allocation is based per capita according to the previous year's Municipal Affairs population list. Under the gas tax fund municipalities have the flexibility to fund a wide variety of projects that are local priorities, subject to the program guidelines.

Eligible project categories include local roads and bridges; public transit; drinking water; waste water; solid waste; community energy systems; sport, recreational, cultural, and tourism infrastructure; capacity building; disaster mitigation; brownfield redevelopment; broadband connectivity; and local and regional airports.

Municipalities have the flexibility to complete projects now and apply funding to the project from future GTF allocations once received as well as carry forward GTF funding for use in a future year. The program provides Alberta municipalities with more than \$200 million a year in infrastructure support, an estimated total of \$2.3 billion over 10 years. Since the signing of the agreement last summer, more than \$140 million in gas tax fund payments have been made, helping 134 communities.

Mr. Dang: Thank you, Minister.

Again back to the budget. I see here that there's a new funding line item, 5.3, the small communities fund. I was wondering: how are the funds from the SCF, or the small communities fund, actually allocated as well?

Ms Larivee: Thanks again for the question. Governments began accepting applications for the small communities fund in February 2015 with an application deadline of April 2, 2015. The province finalized the small communities fund agreement. That will give smaller communities access to over \$188 million over 10 years in federal and provincial funding, with a commitment, then, of \$94 million each. Municipal Affairs is responsible for the small communities fund, which is cost shared on a one-third, one-third, one-third basis between the federal, provincial, and municipal governments.

Eligible project categories include highways and major roads, public transit, disaster mitigation, connectivity and broadband infrastructure innovation, waste water, green energy, drinking water, solid waste management, brownfield remediation and redevelopment, shoreline rail, and short sea shipping.

The SCF program received nearly 300 eligible project applications, with total project costs in excess of \$1 billion. Projects were ranked according to the publicly available criteria, and the 56 highest ranked projects, located in 53 municipalities, were accepted for cost sharing.

Ms Babcock: Thank you.

We're going to move on now to some of the other funding we see. The public libraries in Stony Plain, in Wabamun, Keephills, and all the other communities in my riding are not just some place to take out a book; they're community hubs with low-cost and free programming that any person can access. The community wants to access these programs. In a video presentation I attended last spring by the trimunicipal drug strategy team in Stony Plain, I heard from many youth that our libraries are their safe place, a place that gets them off the streets, away from bullies, a place where they are accepted and encouraged to succeed. The programming in these libraries is exceptional, everything from Nerf wars to clay for kids, photography classes to sleepovers, a Minecraft club, and even a red-light night for adults to mingle on a Friday evening.

I know there were worries on the local boards regarding funding in these tighter economic times, and I see in the budget that the support to library services has increased in Budget 2015. How much of this increase is going directly to public libraries to support their operations?

Ms Larivee: I want to thank you for sharing your stories about the library in your community. We certainly value the important role that libraries play in communities, and the increase in funding, you know, will better meet the growth needs of these important

community hubs. The operating grant funding for Alberta public libraries will increase by \$3.5 million to reflect the current 2014 population levels, providing additional operating grants of 10 cents per capita. Municipal and regional library boards have welcomed our most recent investments, including the Alberta-wide borrowing initiatives and the upgraded SuperNet.

Ms Babcock: Thank you.

We all know that though operating grants are hugely important for public services such as libraries, there are many more ways in which libraries need to be supported. Though their volunteers are one of the major sources for libraries, how else does Municipal Affairs support public libraries in addition to all of these operating grants?

Ms Larivee: Thank you for the question. The department's public library services branch funds the following province-wide initiatives of the public library network: the SuperNet costs for public libraries for \$2.6 million, which was a \$400,000 increase in 2015-16; interlibrary loan delivery for \$1 million; a province-wide e-content for all public libraries in 2015-16 for \$1.35 million, which includes e-books, language learning software, international newspapers, and children's resources. We also provide through that branch province-wide options for print-disabled public library patrons through a digital resource for \$300,000; lastly, funding to library organizations to support resource sharing and collaboration for a cost of \$450,000.

Ms Babcock: Thank you for all you're doing for our communities.

Mr. Dang: Thank you, Minister. My next question here is going to be about something that's important for our education stakeholders. How is the education property tax calculated, and how much is going to be collected in this year?

Ms Larivee: Thank you so much for the question. Alberta expects to collect about \$2.253 billion in education taxes in 2015-16. This represents a \$151 million, or 7.2 per cent, increase over last year. It reflects 32 per cent of the target operating costs for funding education. The education property tax is calculated based on the targeted operating costs for funding education. The remainder of education funding comes from general revenue. The education property tax is distributed to municipalities based on their total property assessments and the uniform provincial tax rates. As such, all municipalities pay an equitable share of the education property tax in proportion to their assessments. The increase or decrease in an individual municipality's requisition is as a result of the total education requisition increase as well as how the municipality's total assessment is changed in relation to the rest of the province.

Mr. Dang: Thank you, Minister. I think a lot of people have an eye on their taxes this year. My question comes back to: are the education property taxes going to be increasing this year? Is the method of calculating the education property tax changing at all as well?

Ms Larivee: Just to be clear, there is no change to the formula that we're utilizing in terms of calculating education property tax. There will be an increase of \$151 million, or 7.2 per cent, over last year. That reflects 32 per cent of the target operating costs for funding education.

Ms Babcock: Thank you, Minister. It has been brought to my attention that the MGA review concerns the rural municipalities in my riding. They're eager to discuss the needs of rural Alberta with

the Municipal Affairs department. Can you tell us about the kind of consultations that have been happening regarding the Municipal Government Act review?

Ms Larivee: Thank you for the question. The Municipal Government Act, or MGA, review was originally launched in 2012, but timelines were delayed by the 2013 floods as well as municipal elections. During February to June 2014 extensive public consultation was done, including regional engagement sessions at 11 locations, 1,500 in-person consultation participants, over 1,000 workbook submissions, and over 250 written submissions. What We Heard summarizes the consultation sessions. It is posted on the government website, if you're interested, at mgareview.alberta.ca. Please have a look and see what Albertans had to say about the MGA review.

The stakeholder consultation resulted in the identification of over 50 complex and sometimes controversial policy issues. The legislation that was passed last spring represented items that there was consensus on between the government of Alberta and the various municipal partners. My department and I have met with a variety of diverse groups in the past months to talk about the outstanding issues, and we will work together to resolve these issues in the coming months.

An amendment bill will be introduced into the Legislature this coming spring, 2016, and at that point, as previously indicated, municipal leaders, partners, and Albertans will have the opportunity to review and comment during the summer of 2016. I look forward to meeting with people and discussing that and hearing their feedback. Once that feedback has been gathered, we will look to moving the bill forward into the Legislature in the fall of 2016 and look forward to talking about it more then.

5:50

Ms Babcock: Fabulous.

The riding of Stony Plain and the municipalities therein such as Parkland county butt up against the borders of the city of Edmonton, so many of the people we talked to either live in Stony Plain and work in Edmonton, or they live in Edmonton and they work in Stony Plain. The work on the city charters is a big part of our discussions in my riding. There are groups that believe that this will automatically lead to the cities of Calgary and Edmonton being able to increase their taxes. Can you explain this more fully for us?

Ms Larivee: Thank you for the question. As previously indicated, these discussions haven't happened yet. We're having those preliminary conversations now. We do want to work with the municipalities to ensure they are sustainable. I have been and will continue talking with municipalities about the importance of sustainability, about their challenges, and about possible solutions to move forward with that, including regional collaboration. Challenges facing Alberta municipalities are as wide-ranging as the unique nature of the municipalities themselves, and sometimes these challenges go far beyond funding. For our communities to be sustainable and efficient, we must be flexible, and we must be creative.

The city charter initiative is about ensuring that our two major cities have the tools and the flexibility they need to be world-class cities in the decades ahead. It's about addressing the unique challenges they face as Alberta's two largest cities and about recognizing the substantial capacity of those two municipalities. City charters are being developed in phases. A new fiscal framework for Calgary and Edmonton will be considered as part of phase 3 and will reflect roles, responsibilities, and authorities identified in the previous phases. This fiscal framework will

consider taxation powers as well as other potential solutions to sustainable resourcing. While discussions are under way between the province and cities to determine these appropriate roles, responsibilities, and authorities, discussions have not yet been initiated regarding resourcing.

Ms Babcock: Thank you.

Mr. Dang: Thank you, Minister.

Madam Chair, how much time do we have left?

The Chair: Thirty-nine seconds.

Mr. Dang: Thirty-nine seconds again. I guess to make the most of this time, I'd just like to thank you once more for joining us today and for being able to answer all the questions so thoroughly. We look forward to it as our time comes around again in a few minutes here.

Thank you.

The Chair: I would now like to invite the member from the Official Opposition to speak with the minister.

Mr. Stier: Thank you once again, Madam Chair.

Minister, I've got a few more questions, and I think I have 10 minutes on this occasion. Is that correct, Chair?

The Chair: You are correct.

Mr. Stier: Thank you.

We touched a little bit on the Emergency Management Agency the last time I had a chance here. I'd like to go back to that a little bit. We touched on LandLink, and so on, at that time. You know, it was an interesting time to be in the community, when things were so difficult for all the people there. I just wanted to look at some of the statements that were made in the annual report, particularly on page 42, with regard to this, especially when we're talking about performance measures and the variants and how that whole situation started to go. It says – and it's quite open and honest – that the target of 100 per cent wasn't met. Sixty-six per cent: I think we've heard this before. So there was a shortfall of 34 per cent. It was largely due, apparently, to many things but mostly to transferring of administrative functions from the LandLink back to the department, and there was high staff turnover, and so on. When this was first envisioned, was there not some sort of a transition type of a planning situation – hypothetical, of course; it had to be – on how this transition would work so it would become more seamless than what it turned out to be? How did that actually kind of get meshed?

Thank you.

Ms Larivee: Thank you for the question. I'll defer to Shane as the one in charge.

Mr. Schreiber: Mindful of the time, I'll try and give a brief overview of how the DRP transition planning took place. The decision was made in March of '14 that we would part ways with our contracted service provider LandLink after 20 some odd years of them providing virtually all of DRP processing for the government of Alberta. There would be one year that their contract would be extended so that they could finish the 2013 DRP and provide support to that transition. That contract extension was valued at \$13 million, \$10 million to finish 2013 and then \$3 million essentially for travel and other incidentals.

At that point we started to revisit the plan that had been made, actually, in April, May, June of 2013, before the floods came and

exploded it, based on the KPMG report that was discussed earlier. At any rate, we made the plan to transition based on using our own database, but we also had to inherit all of the data in the DRP database that LandLink had because DRP files or applications aren't closed for five years. We have to wait till the federal auditors come in and actually review all of our documentation, and that was in the possession of LandLink at the time. So we made a plan to not only have a better IT system going forward but also to inherit LandLink's existing database.

That was the plan. We began to staff up and staffed up in earnest through the better part of the summer of 2014 and had the staff trained and essentially were prepared to bring on board the database by the fall of 2014. Then, because there was so much work to do on the 2013 DRP files, we ran out of money with the LandLink contract, and they did not finish the 2013 files. So we essentially had to inherit about 4,000 incomplete files, and we had to bring their database in-house. We had to make that database useable so that we could finish off the 2013 files. That was a bit of road bump in our plan. We managed to get that transitioned in-house through January, February, and March of 2015 and began to be able to process payments through a fully in-house DRP by April of this year, 2015.

The planning was ongoing. Like I said, it kind of happened in three different iterations. There was the planning that took place as a result of the KPMG report in 2012, which was overtaken by events in the flood of 2013. There was the planning that was done in March, April, May to bring the DRP in-house, based on the assumption that LandLink would complete the 2013 files. Then there was the planning that took place in the summer and fall of 2014 when we realized that, in fact, the contracted service provider wasn't going to be able to finish all of the 2013 files.

Mr. Stier: Okay.

Mr. Schreiber: Does that help?

Mr. Stier: Yeah, that does help. I just wanted to point out and get it on record that, I guess, more or less, then, you did do a lot of this transition planning. You hoped that it was going to work, but you ran into a few potholes and pitfalls.

Mr. Schreiber: The best laid plans of mice and men.

Mr. Stier: Yeah. Okay. Fair enough. So I imagine, therefore, there must be and must have been a fair amount of cost associated with that whole situation. I wonder if you can have a moment to think about maybe a breakdown of costs or anything. Have you got any idea what that whole thing cost versus how it was originally envisioned to just go smoothly, and so on, and so forth? Would you have any of that?

Ms Larivee: I just want to be clear that at this point we're discussing estimates for the future year as opposed to the past. Is there some relevance to the estimates moving forward?

Mr. Stier: Yes. The relevance is: what did you learn from that so that when you are budgeting for DRP in the future, what cost might you be allowing for it in here to prevent that in ongoing situations?

Ms Larivee: Right. The transition from LandLink to in-house was, I would say, a one-time incident, so in terms of moving forward with estimates, I'm not sure that that's really particularly relevant.

6:00

Mr. Stier: With respect, I disagree, actually, because there were some costs envisioned with LandLink, and there were some costs

as compared to what there would have been had they carried through. Those costs, I would think, were borne already – you're probably right – but I'm wondering what kinds of costs you would consider in the future in the estimates to set aside for something like that to be prevented. So it is directly related to the budget.

Mr. Schreiber: It's a bit of a hypothetical, but I'll try and explain what we've done. There is now \$4.5 million that's dedicated to the in-house DRP. That's largely for staffing, to make sure that we have a sufficient staff capacity within the GOA and that that staff capacity is expandable in the case of a large event like the 2013 flood. What would happen is that that 44 staff could grow to 80, 100, 120, and those additional temporary staff, that we would use to work on that specific event, would be eligible for reimbursement under the disaster financial assistance agreement with the feds.

Mr. Stier: Okay.

Mr. Schreiber: What we've also done are the contingency plans, spaces and support for that expansion as part of our plan. We think we can deliver a far more efficient and effective – at less cost, essentially, to deliver the processing of DRP files not just in the case of a large event but, I would argue, also during a normal year, where we only have maybe a thousand DRP files as a result of smaller scale disasters than the 2013 one.

Does that help?

Mr. Stier: Yeah, it does.

Ms Larivee: Right. I do want to specify that disasters are actually not budgeted for. They're not part of the routine budgeting in terms of that. As they occur, they're addressed within that.

Mr. Stier: I do understand, yet there are line numbers in here that monies are set aside. I think there was 200 and some-odd thousand dollars for stuff like that if it occurs.

Ms Larivee: Right. For small local disasters.

Mr. Stier: Right. Right.

Ms Larivee: To assist small local disasters with recovery in that situation.

Mr. Stier: And there was \$30 million, Minister, set aside previously for this, so it's a fairly substantial amount of money that we're talking about.

Moving on, though, there was some staff turnover and impacts on finances, training of replacements. I guess you've talked a little bit about that, so you're going to be set up a little bit better for that.

How do you plan on enhancing the systems a little better? We've had in the past some communication things going on and all of that. Will there be a bunch of expenses related to all kinds of management? You mentioned software problems with data, all that kind of thing. Have you allowed for that as well in the budget?

Ms Larivee: Yeah. I mean, certainly, we do recognize that there are a number of problems with the DRP program set up by the PCs in the past, and we do need to do better, so we are working within the department to improve those services.

The Chair: I apologize for the interruption, Minister. The time has been exceeded.

Mr. Stier: Thank you.

The Chair: I would now like to invite the member from the third-party opposition to speak for their 10-minute allotted time.

Mr. Drysdale: Thank you. Why has the timeline for the MGA review been extended by a year, to the end of 2017 versus '16? You know, will this new fiscal framework work for cities take effect after the 2017 municipal elections? I would assume it'd be after the elections in '17.

Ms Larivee: Right. Our intention is to have the review complete before those elections so that that would be in place prior to the municipal elections in 2017. Some of that timeline does include the regulations that are associated with the act as well. We haven't actually extended the timeline. We're still committed to those ongoing timelines moving forward.

Mr. Drysdale: So the timeline is extended, basically, just to get the work done. I guess you didn't have enough time to do it in a year and a half or whatever.

Ms Larivee: Again, actually, through the transition between ministers we are continuing to move forward on that file. I have committed to sticking with the timelines that we committed to. As discussed, Mr. Bilous will work with me so that we have that continuity to move forward, and mayors Nenshi and Iveson, the AUMA, and the AAMD and C have all been worked with in terms of moving forward to do that. The timelines are that we will hopefully be introducing the bill into the Legislature in the fall of 2016 for debate at that time so that the bill can be proclaimed along with the regulations prior to the municipal elections in fall of 2017.

Mr. Drysdale: Okay. Thanks.

Why did this government de-emphasize building relationships with municipal leaders outside of Calgary and Edmonton?

Ms Larivee: I'm not sure, to be honest, where you're getting that information from. We've actually stressed throughout every single one of our interactions that we consider all municipalities, of every size, across the province as being important partners with that. On the day I was sworn in, I was very happy to have conversations with Lisa from the AUMA as well as with the AAMD and C in terms of building that relationship and moving forward. Certainly, since that time I've had conversations with a number of municipal leaders across the province, especially within the rural areas, to make sure that we reflect all of their varying needs as we move forward with the review.

Mr. Drysdale: Okay. Thanks.

Maybe going forward that will improve. I know this last summer that many of my rural municipalities tried to get meetings with the minister. He met with Edmonton and Calgary and Grande Prairie, but he wouldn't meet with the rural municipalities. That's the feeling that they got, that he only met with the big cities. Maybe you'll improve that relationship going forward.

Ms Larivee: Yes. As an MLA from a rural area I have my own innate understanding of the challenges that they face and certainly want that balance moving forward for all Albertans to have their needs met. I look forward to meeting with representatives from those rural municipalities, and some of those meetings have been happening already.

Mr. Drysdale: Okay. So how much regional planning, service delivery, and land-use autonomy will be taken away from municipalities in order to meet this government's undefined goals in the best interests of all Albertans?

Ms Larivee: Wow. Thank you for the question. We've already had that conversation, that in the interest of the large metropolitan areas it's so important that they work together rather than competing with one another. We are having the growth for those large areas moving forward; however, we have no intention of moving forward with regional planning outside of those areas. We want to support and encourage the autonomy of those municipalities while at the same time supporting them and encouraging them to have co-operation and collaboration with one another.

Mr. Drysdale: Okay.

I know this question has been asked before. I'm not sure. Maybe I'll get a different answer this time or a clearer one. Any ideas of increased municipal taxing authority through all of this stuff?

Ms Larivee: No. As I stated previously, we're engaging in conversations, you know, with the municipalities in terms of what their needs are and how best to meet the needs of those Albertans. But those conversations in terms of the fiscal framework and what that will look like: we've not had those conversations yet, and I'm not going to speculate on what that will look like.

Mr. Drysdale: I think that was part of the discussions with the charters, though, but I'll leave it at that.

Will you work with municipalities to safely and effectively regulate Uber and similar businesses on a level playing field with taxis? I know some will say that Uber is transportation or whatever, but municipalities set the regulations and the licensing. So rather than everyone having to go through that battle, will Municipal Affairs help do it throughout the province?

Ms Larivee: Right. Again, you've actually asked a number of questions about respecting local autonomy, and we continue to do that. That is up to the municipalities to set those guidelines. At this point I'm not aware of any conversations we've had that they've asked for support for that, and if we have those conversations and that's what they're looking for, we can move forward from there.

Mr. Drysdale: Okay.

Are FNMI communities included in this government's desire to enhance viability and sustainability of municipalities? Why are they not in the municipalities business plan?

Ms Larivee: Thank you so much for the question. As you are aware, the Premier has requested that each one of the ministries work towards incorporating the UN declaration on the rights of indigenous peoples into our policies moving forward. We are actively looking at how to incorporate that so that we can within all of the departments consider our FNMI partners and what that looks like for them so that we can be respectful of that moving forward.

6:10

Mr. Drysdale: Okay. I guess, you know, where are these urban aboriginals in the plan? I don't see, in particular, the significant aboriginal population in Edmonton and northern Alberta. I don't see it in the plan.

Ms Larivee: That is an issue that we recognize, and it actually has arisen in our discussions regarding the city charters. We look forward to supporting those major municipalities in terms of meeting the needs of that population.

Mr. Drysdale: Okay.

With so much focus on Calgary and Edmonton how will this government ensure that Alberta's many wonderful places to live are not left behind on access to capital? We're talking about the

GreenTRIP and the transit systems in the big cities. You know, none of the rural municipalities benefit from those grants.

Ms Larivee: Certainly. As previously stated, we are very committed to meeting the needs of rural Albertans. There are a variety of challenges that our rural communities are facing, so we are working with them as we do the MGA review to determine what kinds of needs they have and how we can best meet them in order to best support the needs of Albertans moving forward. Certainly, MSI is the primary way by which we provide funding to the municipalities. That has been allocated to all municipalities, big and small, and they can move forward with that. We are committed to making life better for all Albertans. Municipal Affairs has several grant programs to help our municipal partners meet their infrastructure priorities and development plans, and we continue to develop those. Besides MSI, there's the Alberta community partnership, the federal gas tax fund, and small communities fund. All of those have been accessed by communities across the province, both large and small. So we certainly are not focusing primarily on the large municipalities. We want to consult and meet with representatives from across the province so that we can allow all Albertans to have their needs met.

Mr. Drysdale: Which budget line items support initiative 1.7, enhance Albertans' access to public library resources by continuing to provide operating grants and invest in the province-wide library network? I mean, there's the obvious one, but there are others as well.

Ms Larivee: It's a very specific question, so if you could please repeat the question just so we can answer it to the full extent that you're looking for.

Mr. Drysdale: Which budget line items support initiative 1.7 . . .

The Chair: I apologize for the interruption. We've run out of time for this portion.

As there is no independent member or other party representative present, we are going to move on to the government caucus, and I invite them to start their 10-minute session.

Mr. Dang: Thank you, Madam Chair. I'll just keep with the same format that we were using earlier if that's acceptable.

The Chair: Absolutely.

Mr. Dang: Perfect. Thank you. Minister, being an Edmonton MLA, I'm quite aware of, as you were speaking about with other members, a lot of those capital region issues and Capital Region Board issues. In this budget are you still providing funding for the Capital Region Board?

Ms Larivee: Thank you for the question. Absolutely. This budget supports the Capital Region Board and its regional planning initiatives through \$3 million in annual core funding. In addition, in 2015-16 the CRB received a grant of \$315,000 to assist with the board's strategic activities related to transit, economic development, and housing.

I want to recognize that the work of the Capital Region Board has resulted in a number of very important successes, including the development of the capital region growth management plan; development of a regional evaluation framework, which assists local municipal plans in conforming to the regional growth management plan; co-ordination of GreenTRIP funding within the region; development of regional transportation and transit plans; exploration of options for strengthening regional economic

development efforts; a GIS service, available to all members and the public. We continue to work with municipalities across the province on regional planning efforts, both through organizations such as the Capital Region Board and through bilateral approaches.

Mr. Dang: Thank you, Minister.

Of course, my interest is the Edmonton region, but obviously I have many colleagues to the south, including in the Calgary area. What kind of support do you plan on providing to the Calgary Regional Partnership, or the CRP, or to the Calgary metropolitan plan?

Ms Larivee: Okay. Thanks for the question. The Calgary Regional Partnership, or CRP, is a nonprofit, part 9 corporation. In addition to annual fees from its members the organization receives an annual core operating grant of \$3 million from Municipal Affairs, currently administered through the metropolitan funding component of the Alberta community partnership. In addition, in 2015-16 the Calgary Regional Partnership received an additional grant of \$424,100 to assist with the partnership's strategic activities related to transit and regional growth. The ministry also provides ongoing advisory support to the CRP and has actively worked with the CRP and area municipalities to explore options for implementing the organization's Calgary metropolitan plan.

Like the CRB, the Calgary Regional Partnership is a valuable forum for the identification and resolution of growth-related challenges that cross multiple municipal boundaries. In addition to facilitating positive and mutually supportive relationships among its members, the CRP is addressing the needs of the region through initiatives in the areas of shared regional transit, economic development, and geographic information services. The Calgary metropolitan plan identifies priority growth areas, proposes a regional servicing model for municipal infrastructure, and addresses priority environmental issues in the region. The plan is binding on the members of the CRP by virtue of the terms of their participation in the partnership; however, it does not have legal status as a statutory plan.

Ms Babcock: Thank you, Minister.

Given the more extreme weather we in Alberta have been experiencing due to climate change's causing drought conditions and major forest fires this past summer, we need to be sure in Alberta that we are proactive when it comes to a disaster recovery program. There have been too many times in the recent past that the people in Alberta have needed this program and the government seemed to be scrambling for solutions. Can you tell us what changes and improvements you've made to the disaster recovery program as a result of the 2013 floods?

Ms Larivee: Thank you for the question. Obviously, Albertans really do need to count on our government to be able to meet their needs when disaster happens and to help them recover afterwards. In response to consultations we've had with a variety of different people who were affected by the flood, groups like the High River advocacy group, in response to their feedback, we moved the DRP program in-house once we realized that the third-party provider just wasn't meeting those needs. We've hired more than 60 additional full- and part-time staff and moved to a case management approach that's flexible, to scale up, as Shane was discussing, should the need for additional staff be required for future disaster recovery efforts. In many cases these additional temporary positions are eligible for reimbursement from the federal government.

By operating internally, we are able to streamline and improve processes and change the way we deliver disaster financial aid to Albertans. While transferring the program in-house caused some

processing delays, we're acting fast to deliver remaining payments and are committed to continuing to work with those few complex files that remain open for as long as it takes. We continue to work on expediting the processes to get financial aid out to disaster victims efficiently and effectively, and we are constantly seeking feedback from our applicants and others involved to find ways to improve.

As announced yesterday, the government is making changes to the DRP that will allow 80 per cent of outstanding cases to be resolved. We're going to cease the collection, as announced, of overpayments of less than or equal to \$5,000, which will allow approximately 500 files to be closed. There are, I think, exactly 75 cases over \$5,000 to resolve, which we are looking at on a case-by-case basis. There are approximately 450 inactive files that we'll be closing, which will leave the vast majority closed, so we can move forward and allow the people affected by those floods to move on with their lives, to recover, and to find that new normal moving forward.

6:20

Mr. Dang: Thank you, Minister.

I know you've touched on this a number of times, but it's important that this province be well prepared to respond to disasters, as you yourself know from the Slave Lake fires. What's Municipal Affairs doing to ensure that the province is well prepared to respond to another major disaster?

Ms Larivee: Thank you for the question. AEMA received additional baseline funding to ensure that it could respond to the increase in demand and the expectation for emergency management and public safety within the province. It also received additional capital dollars in order to stabilize and modernize the disaster recovery program database, critical in delivering disaster financial aid to individuals, communities, and other government departments.

AEMA invested in upgrading the emergency management software and capability at the Provincial Operations Centre, and we continue to develop plans for a future facility to meet the increasing demands of our growing province. Municipal Affairs made additional investments in Alberta's world-class digital public alerting system, the Alberta emergency alert, available as an app on your phone if you don't have that downloaded already, which communities and stakeholders can use to alert the public on everything from floods to Amber Alerts.

AEMA also continues to provide financial and other support to Can-TF2, an emergency response and heavy urban search-and-rescue task force, that gives the province a critical emergency response capability unique in Canada. Again this year the AEMA and the government of Alberta will be running a large-scale emergency management exercise to test and validate our ability to respond to disasters and emergencies.

The government of Alberta has conducted and accepted the independent review of its response to the 2013 floods, completed by MNP, and we've already actioned many of the key recommendations to improve our public safety system.

Mr. Dang: Thank you, Minister. That's all very useful information.

What else is the ministry doing to support municipalities in their preparedness for these disasters?

Ms Larivee: Thank you for the question. AEMA has developed and fielded a highly successful Internet-based community emergency-response program that has helped communities throughout Alberta develop and update their municipal emergency response plans. We have expanded our field officer capacity so that we can work

directly in person with municipalities and First Nation communities in training, planning for, responding to, and recovering from disasters and emergencies. AEMA regional field officers and First Nations field officers continue to work with all Albertan communities to improve their hazard resilience. This includes reviews and testing of municipal and community emergency management plans with the intent of identifying and addressing gaps and deficiencies in these plans.

Municipal Affairs is also working with municipalities and their associations to develop a new floodway development regulation, discussed earlier, to limit the risk to Albertans by restricting future development in floodways. Consultations with municipalities, businesses, and industry as well as the general public occurred throughout 2015.

Ms Babcock: Thank you, Minister.

Population growth in the town of Stony Plain, in my riding, was 14 per cent from 2010 to 2015.

The Chair: I apologize for the interruption. We're out of time for that portion.

I would now like to invite the Official Opposition to speak for their 10 minutes.

Mr. Stier: Okay. Thank you, Madam Chairman. I gather that we have 10 minutes left, do we, despite the clock time?

The Chair: Correct. Because of the five-minute break.

Mr. Stier: Yeah. Okay. Thank you. In the last segment here I'll try to wrap up with some of the stuff that was towards the end of our preparation. I'd like to stick with as many things as I can to clear up, and they are related to the budget, I assure you.

Just to finish where we were the last time, when we got cut off, we were talking about the LandLink thing, and so on, and so forth. Just to conclude on that topic, though, and the amount of money that's been spent, there was going to be an independent, third-party review of that disaster, and I gather the report, although it was paid for, hasn't been released. Do you know when that might be coming up?

Ms Larivee: Yeah. Absolutely. Well, the MNP report, that we have: we're looking at the final draft of it right now. It should be released, we're expecting, by the end of the month.

Mr. Stier: Okay. Thank you very much.

Will that be released to the House as a report to the Assembly, or will that be just a general release from the government?

Ms Larivee: We were going to do a general release from the government.

Mr. Stier: Okay. Thank you very much.

I'd like to move on to property assessment. This relates to the estimates again, page 196, and we're talking about vote 2.2 there. We know that there's I think it was \$8.75 million in the estimates for that. It's up substantially from the previous, and I'm just not sure where that would come in. That's a substantially higher increase than what I might have expected, and I'm not just sure why it's higher. Can you explain? Was part of that to look in and review some of the municipal assessments and redo some of that? Are you looking at reviewing, by the way, some of the assessment procedures so that this assessment process is more accurate than it has been? Has there been a review recently, and how do you determine which municipalities you might be reviewing in that regard, please?

Ms Larivee: Okay. Looking at the reason for the increase or the variance in terms of the estimates for the 2015-16 year, it is due to estimated increases over the previous year due to salary costs as well as an increase in linear assessment appeal costs, which are difficult to predict, as well as increased IT operational costs, increased contract costs, and additional costs for supplies and services. Overall operational costs were actually down in 2014-15 due to cost-cutting measures.

Mr. Stier: Okay. Then we're suddenly bumping, like, a million and a half dollars here, I gather. It's quite a substantial change.

Ms Larivee: Yeah. It's an increase of \$1.3 million, and I can break down the increases if you would like.

Mr. Stier: I guess Coles Notes would be preferable.

Ms Larivee: Okay. So \$14,000 in salary costs, \$750,000 in linear assessment appeal costs.

Mr. Stier: So there's a big one there.

Ms Larivee: That is a big one. That actually is a recoverable cost. It is an estimate, and they are actually very difficult to predict. However, regardless of what that looks like, that is a recoverable cost. There's \$60,000 in increased IT operational costs, \$200,000 in increased contract costs, and \$318,000 for supplies and services. That would be the breakdown of where the increases came from.

Mr. Stier: Are there some changes in how municipalities are doing that? Are you reviewing procedures at the municipalities with regard to their processes, and so on, within the department? Is that something that is changing at all, or is it pretty well stable and staying the same?

Ms Larivee: I think the processes themselves are stable in terms of that moving forward. We actually reduced our budget from the year before. You're looking at the actuals, but in terms of the budget we actually decreased that.

Mr. Stier: Okay. Within that same line there's a large number there. It's hard to imagine what is really going on for that kind of money, \$9 million. Are there a lot of costs due to providing advice and various other kinds of information to property owners, municipalities, and other stakeholders? Is that something that is consuming a fair amount of time in the department? Are there a lot of requests and a lot of appeals, and so on, and so forth, that add up to a lot of money in that regard?

Ms Larivee: Just to expand upon what is included within that, the assessment services branch supports Alberta's local governments on a variety of assessment and tax-related issues through administering the provincial assessment system and property tax policy; setting and monitoring standards in property assessment through audits; providing the assessment function for all linear properties, including oil and gas wells, pipelines, electric power systems, and telecommunications systems; supporting the property assessment complaints and appeals system.

Mr. Stier: Okay. So, Minister, is that a large component of this \$9 million? Is that, like, 40 per cent, 30 per cent? Is it a big figure, or is it a minor component?

Ms Larivee: The assessment function on its own costs \$3.4 million, so that is a substantial portion of the budget.

I'm going to assume that that information would be helpful to you in terms of where the costs come from.

6:30

Mr. Stier: Okay. It does help a lot. Thank you very much.

I'm going to move on now, then, and I'm going to be talking a little bit about public safety if I may.

How much time do I have, Chair, please?

The Chair: Three minutes and 30 seconds.

Mr. Stier: All right. Under public safety there's line 8.1, and it is safety services. I haven't had the time to read all of the different documentations within your ministry, but I'm sure that you have within your pile of things there something to tell me what central operations is and how the funding is broken down with that.

Ms Larivee: Okay. Central operations is responsible for leading and co-ordinating all the division's strategic policies, legislation, and regulations. They're also responsible for administering and enforcing the New Home Buyer Protection Act to increase builder accountability and consumer protection. They provide the communications inquiry centre to provide front-line advice to Albertans on the division's policies and programs and to co-ordinate all of the division's financial matters, including budgeting, forecasting, and reporting.

Mr. Stier: Okay. So this is just like the hub of the whole operation, I gather, then. If I could, then, I notice in that same line number, 8.1, we're seeing a substantial increase there of over a million dollars in the estimates. Can you perhaps share a little bit of information on that, please? Oh, pardon me. My eyes may be deceiving me. I'm seeing an increase, but it's, like, half a million. Sorry. I was reading the next line down. My apologies.

Ms Larivee: Right. Thank you for the excellent question and the keen eyes in finding that variance. The 2015-16 estimate increase of \$437,000 is due to positions that were vacant in 2014-15 that are expected to be occupied in 2015-16.

Mr. Stier: Okay. Thank you very much.

Line 8.4 talks about storage tank problems, and so on, and so forth. I believe that is what that is about. There was a lot of talk about this over the past few years. I thought this program was discontinued in the mid-2000s, but it has continued to be allocated for some time to fund projects that were accepted. Is this issue still something that we have to deal with continually? How are we doing with that? What's the status of that, please?

Ms Larivee: Okay. The program funding is fully committed. We are not accepting any further applications. As of December 2014

this total grant funding of \$91.5 million has helped remediate 925 contaminated sites and continues to provide assistance to owners of 28 sites that are in various phases of remediation. Again, no further applications are being submitted, but we continue to provide that ongoing support to those 28 sites.

Mr. Stier: Okay. Thank you for that.

Now, does this conclude all of these things? Are there still another zillion out there and you've just decided not to bother with it anymore? Can you perhaps give me a little information regarding that? Any ideas?

Ms Larivee: I would like to call on Bruce.

Mr. Stier: You may have to come up to a mike here.

The Chair: I apologize for the interruption.

Mr. Stier: Sorry. I think you don't need to worry now. She's just shutting us down.

Ms Larivee: Thank you to Bruce McDonald, my assistant deputy minister of public safety.

The Chair: I would now like to invite the third-party opposition to speak for the remaining, I believe, one minute.

Mr. Drysdale: Thank you. Given that most of the priority initiatives remain the same as before, why have performance measures been removed for desired outcomes 1 through 3?

Ms Larivee: Okay. Thank you for that question. We wanted to develop measures that are more relevant and better measure progress moving forward. We are looking for greater accountability on achieving our outcomes, and we look forward to providing that information so that as we move forward, we have greater transparency and accountability in terms of the performance measures that we put forward.

Mr. Drysdale: Okay. Maybe you could have come up with them before having nothing, I guess.

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for this item of business has concluded.

I'd like to remind all committee members that we are scheduled to meet again tomorrow morning to consider the estimates of the Ministry of Aboriginal Relations.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 6:35 p.m.]

