



Legislative Assembly of Alberta

The 30th Legislature  
Third Session

Standing Committee  
on  
Resource Stewardship

Ministry of Municipal Affairs  
Consideration of Main Estimates

Monday, March 7, 2022  
7 p.m.

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**Legislative Assembly of Alberta  
The 30th Legislature  
Third Session**

**Standing Committee on Resource Stewardship**

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Ceci, Joe, Calgary-Buffalo (NDP), Deputy Chair

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Ganley, Kathleen T., Calgary-Mountain View (NDP)  
Getson, Shane C., Lac Ste. Anne-Parkland (UC)  
Guthrie, Peter F., Airdrie-Cochrane (UC)  
Long, Martin M., West Yellowhead (UC)\*  
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\* substitution for Peter Singh

\*\* substitution for Jackie Lovely

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**Also in Attendance**

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## **Standing Committee on Resource Stewardship**

### **Participants**

Ministry of Municipal Affairs

Hon. Ric McIver, Minister

Dan Balderston, Executive Director, Financial Services

Brandy Cox, Deputy Minister

Shawn Ewasiuk, Assistant Deputy Minister, Technical and Corporate Services

Alberta Emergency Management Agency

Stephen Lacroix, Assistant Deputy Minister, Managing Director

Land and Property Rights Tribunal

Susan McRory, Chair



7 p.m.

Monday, March 7, 2022

[Mr. Hanson in the chair]

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

**The Chair:** Good evening, everybody. I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Municipal Affairs for the fiscal year ending March 31, 2023.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, when we get to you, please introduce the officials who are joining you at the table. My name is David Hanson. I'm the MLA for Bonnyville-Cold Lake-St. Paul and the chair of this committee. We will begin, starting on my right.

**Member Ceci:** Thanks. My name is Joe Ceci, MLA for Calgary-Buffalo and vice-chair of the committee.

**Mr. Getson:** Shane Getson, MLA for Lac Ste. Anne-Parkland.

**Mr. Guthrie:** Peter Guthrie, MLA, Airdrie-Cochrane.

**Mr. Turton:** Good evening, everyone. Searle Turton, MLA for Spruce Grove-Stony Plain.

**Mr. Sigurdson:** Good evening, everyone. R.J. Sigurdson, MLA for Highwood.

**Mr. Rehn:** Pat Rehn, MLA, Lesser Slave Lake.

**Mr. Long:** Martin Long, MLA for West Yellowhead.

**Mr. McIver:** I'll introduce my staff, then. Ric McIver, MLA, Calgary-Hays, Minister of Municipal Affairs. At the table here: Deputy Minister Brandy Cox; Gary Sandberg, assistant deputy minister, municipal services division, as well as acting ADM for municipal assessment and grants; Stephen Lacroix, assistant deputy minister, managing director, Alberta Emergency Management Agency; Dan Balderston, executive director, financial services. In the gallery: Greg Smith, my chief of staff; Shannon Wheeler, deputy minister chief of staff; Shawn Ewasiuk, assistant deputy minister, technical and corporate services division; Susan McRory, chair, Land and Property Rights Tribunal; Graeme McElheran, communications director; and JD Kliewer, policy and strategy.

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

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

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

**The Chair:** Thank you.  
Go ahead, Warren.

**Mr. Huffman:** Warren Huffman, committee clerk.

**The Chair:** Also online we have one member. Mrs. Aheer, go ahead.

**Mrs. Aheer:** Good evening. Leela Aheer, Chestermere-Strathmore.

**The Chair:** Okay. Thank you very much, everyone.

I'd like to note the following substitutions for the record: Mr. R.J. Sigurdson standing in for Jackie Lovely, Heather Sweet standing in for Richard Feehan, and Martin Long for Mr. Peter Singh.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely are encouraged to have your camera on while speaking and your microphone muted when not speaking.

Remote participants who wish to be placed on the speakers list are asked to e-mail or send a message in the group chat to the committee clerk, and members in the room are asked to please signal to the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

The speaking rotation and time limits. Hon. members, the standing orders set out the process for consideration of the main estimates. A total of three hours have been scheduled for consideration of the estimates for the Ministry of Municipal Affairs. Standing Order 59.01(6) establishes the speaking rotation and speaking times.

In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of the minister's comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, if any, and then a 20-minute speaking block for the government caucus.

Individuals may only speak for up to 10 minutes at a time, but time may be combined between the minister and the member. The rotation of speaking time will then follow the same rotation of the Official Opposition, independent members, and the government caucus, with individual speaking times set to five minutes for both the member and the ministry. These times may be combined, making it a 10-minute block. If members have any questions regarding speaking times or the rotation, please feel free to send an e-mail or message to the committee clerk about the process.

With the concurrence of the committee, I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose taking the break? Hearing none, we will proceed.

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

Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn.

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

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

The vote on the estimates and any amendments will occur in Committee of Supply on March 21, 2022. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk with 20 hard copies. An electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

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

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

**Mr. McIver:** Thank you, Mr. Chair, and good evening, everyone. I'm here today to present my ministry's 2022-2025 business plan and highlights of the Municipal Affairs 2022-23 budget.

Joining me are senior officials from my department. They are Brandy Cox, the deputy minister; Gary Sandberg, assistant deputy minister, municipal services division, and acting assistant deputy minister for municipal assessment and grants; Stephen Lacroix, managing director of the Alberta Emergency Management Agency; and Dan Balderston, executive director of financial services.

There are additional staff from my department, whom I introduced earlier, also available to speak should that be deemed to be helpful to get the questions answered, and they will, of course, I think, introduce themselves, as you will probably require, Chair, if they are called upon.

I'll deliver some remarks here, and then we'll get on with the questions. The Municipal Affairs budget is aligned to support the broader government strategy and goals, which includes moving Alberta forward by strengthening our health care system, getting more Albertans working, and bringing our finances back into the black. We are moving forward to a time of economic recovery and prosperity, where Albertans have opportunities to build their skills, pursue their passions, and support themselves and their families, and municipalities need to be involved in that momentum.

Our government recognizes the significant role municipalities play in shaping Alberta's vibrant communities and how they contribute to making us a stronger province. That is why Municipal Affairs is investing more than \$980 million to help build Alberta communities, support them as they thrive, and keep Albertans safe.

As detailed in our business plan, Municipal Affairs continues to deliver important programs and services that Albertans depend on. The ministry's work covers a broad range of initiatives, from providing local governments with capital and operating funding to oversight of building and safety code systems to supporting the work of the independent Land and Property Rights Tribunal in making fair decisions on a wide variety of property-related disputes and to many other programs that have a daily impact on the lives of Albertans.

Despite yet another very challenging year, we are focused on a strategic direction that will lead Alberta municipalities toward a more prosperous future. This includes the wisdom to live within our means and adjusting spending where appropriate.

I will begin by highlighting some of the key changes in the Municipal Affairs budget since 2021. We have an increase of \$1.2 million in funding to keep a strategic stockpile of personal protective equipment; a decrease of about \$711 million in municipal sustainability initiative funding, with almost \$1.7 billion planned over the next three years as we transition to the local government fiscal framework; a decrease of \$10 million related to the Senate elections and referenda from the October 2021 elections; a decrease of \$2.1 million under the investing in Canada infrastructure program; and a decrease of \$500,000 from a labour mandate adjustment.

In total, our budget change is a decrease of \$722.7 million from Budget 2021. I will explain some additional details about some of these changes and other budget commitments.

I'll start with our biggest budget commitment and the biggest budget change, which is the investment in the municipal sustainability

initiative program, commonly known as MSI. Investing in infrastructure and communities is key to building a prosperous Alberta. That is why we are continuing to provide significant funding to municipalities.

Budget '22 provides funding under the municipal sustainability initiative, or MSI, and the local government fiscal framework, LGFF. This funding will total nearly \$1.7 billion over the next three years. Municipalities will receive \$485 million in capital funding as part of MSI in 2022-23 and the following year, in 2023-24. This is a significant ongoing investment that supports local projects while building strong, safe, resilient communities. Although there is a decrease in MSI funding from \$1.2 billion in 2021 to \$485 million in 2022, this approach is part of a multiyear strategy to a more sustainable funding framework, as announced last year.

As you may recall, we increased investment in MSI in 2021 to help municipalities plan for future capital projects and support economic recovery with the understanding that we would even out the MSI funding over several years. For 2021 to 2024 we are actually providing municipalities with an average of \$722 million per year in MSI capital funding. This approach is helping our government meet its commitment to bring spending in line with comparable provinces. Fair municipal funding that is sustainable and predictable is part of this commitment, and we are taking sure and steady steps in that exact direction.

*7:10*

As the economic situation and provincial revenues stabilize, we are working with municipalities to transition to a new funding framework. Municipalities are aware that the front-end loading of funding in 2021 was one of those very intentional steps forward in helping them transition to the new approach, and they are expecting the decrease in funding this year and next. I should also note that Budget 2022 includes \$30 million in MSI operating grants for the 2022 fiscal year. The local government fiscal framework will replace the MSI in '24-25, and \$722 million will be the base provided in the first year of the new framework plus the escalator clause under the terms of the local government fiscal framework. We're looking forward to working directly with municipalities on what this new funding looks like to best support them. We will be engaging with them to refine details such as the funding formula and the new program design.

We are also continuing to support municipal infrastructure by helping to manage the investing in Canada infrastructure program, a federal funding program better known as ICIP. Earlier I mentioned a decrease of \$2.1 million in ICIP funding. Let me be clear: there is no change to the total estimated funding for Alberta projects. Instead, this is simply a cash-flow adjustment that reflects the anticipated cash requirements based on how fast or how slow the municipalities were able to get the different projects built. ICIP is a dedicated revenue program, with funding coming from the government of Canada. While we help deliver this federal program to Alberta's communities, we also match that investment with provincial dollars.

We also administer the federal Canada community-building fund, and I'm pleased to say that \$255 million will be going to Alberta communities from CCBF. Unlike ICIP, 100 per cent of CCBF funding comes from the federal government, and the province is not required to match that funding.

While investing in infrastructure is important, protecting lives and livelihoods is also a priority for Municipal Affairs. This is the critical business of the Alberta Emergency Management Agency. In 2022-23 we continue to support the Provincial Operations Centre, disaster response, and co-ordination activities, including management of our very effective emergency alert system. Alberta

has a strong framework in place to reduce disaster risks and respond to emergencies.

We are resilient, but there are financial limitations to what we can do. The cost and frequency of disasters in Alberta have been high in the last few years. Municipalities need to be thinking about how they can help build and support flexible, sustainable models for disaster recovery. Disaster response and recovery is a shared responsibility between all levels of governments and citizens. As we announced last year, going forward, we are asking Alberta municipalities and Albertans to be prepared to contribute 10 per cent of disaster recovery costs. Alberta's government will continue to cover 90 per cent of those costs. Make no mistake: Alberta is still one of the highest paying jurisdictions in Canada when it comes to this form of assistance.

A key objective in our new business plan is to work with our municipal partners on initiatives that help inform local decisions on reducing disaster risks. As the COVID-19 pandemic has taught us, there are things that we can't control and things that we can. Together Municipal Affairs and its many partners will work hard to improve how we manage what we can control. With that in mind, we have a \$1.2 million increase in this budget to fund the province's investment in Alberta's PPE strategic stockpile.

Speaking of shared responsibilities, last year we had municipal elections, ushering in new teams of local leaders. The 2021 budget for the Alberta community partnership is \$10 million less because there is no election to run this year. This funding covered a portion of the administration costs for each municipality to conduct a Senate election and referendums on behalf of the province, including those municipalities that hosted the Senate votes and referendums for neighbouring communities that were not holding municipal elections such as summer villages and First Nations. The absence of the need for that funding in the new fiscal year accounts for that decrease of \$10 million in our ministry budget.

As Budget '22 is a new chapter in our government's commitment, I'm pleased to point out funding support to public libraries remains stable at \$37 million. Public libraries and their dedicated staff have played an important and steady role as community hubs while we've navigated the pandemic. Library boards will be eligible to receive the same amount in '22-23 as the previous year. Funding for the provincial library network also remains stable, so SuperNet connections, e-connect, and interlibrary loan services continue to add to our quality of life.

In short, Municipal Affairs in all of its business areas is focused on building a brighter, stronger Alberta with a more prosperous financial future. Albertans are doing their part to get us there, and as government we are doing ours by sticking to our fiscal plan. Budget 2022 helps us achieve this objective with our continued disciplined spending to maintain balance. Together, Mr. Chair, we are securing our place as the economic engine of Canada and building communities that will make us the envy of this country.

Mr. Chair, the folks in Municipal Affairs look forward to working closely and collaboratively with municipalities in the next year.

At this time I welcome questions of the committee members, and I thank you for your time and attention up till right now.

**The Chair:** Perfect. [A timer sounded] There's the voice of experience. Thank you, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. Hon. members, you will be able to see the timer for the speaking block both in the committee room and on Microsoft Teams.

Members, would you like to combine your time with the minister's, go back and forth?

**Member Ceci:** Sure.

**The Chair:** Go ahead, Mr. Ceci.

**Member Ceci:** Thank you, and I hope we can combine our times.

Just on the whole point about the province's fiscal situation now as opposed to when decisions were made with regard to MSI and LGFF, it's a very, very different fiscal situation now. If you look at some of the charts here, when I was Finance minister, I don't think we got above \$64 for oil. It might have been less.

**Mr. McIver:** You should try harder. I'm kidding, Mr. Chair. I'm kidding the hon. member.

**Member Ceci:** I wish I didn't pull the – I didn't do it hard enough.

But that's not the situation now going forward, of course. My question has to do, of course, around – municipalities have taken a big hit, a big haircut. They are asked to do a lot more with less. WTI is trading well over \$100 a barrel. Municipalities around the province have repeatedly said – and you said it yourself – that without adequate, predictable, stable funds they have a problem. They have had to reduce some capital investments, which negatively affects employment in our province and GDP. My question is: can and will the government possibly rethink the delay in bringing in LGFF to '24, '23, to perhaps bring it in a year earlier, rethink the base starting amount for LGFF, and rethink the 50 per cent increase to municipal revenues while provincial revenues go up a dollar? Those were the kinds of things that I've been hearing when I talk to municipalities around the province. They're wondering why we're not in a period of rethinking all of those things for the benefit of all Albertans and the ones we all serve.

**Mr. McIver:** Okay. Well, thank you for the question. Let me just say that what's in the budget is what's before us, and that's what I am here to defend today. I don't disagree with you that municipalities always want more funding than they get, and that's not a criticism. That's their job. When you and I were municipal people for a number of years, I think we both asked for more money every single year for whatever we were involved in because, again, that was our job. I'm not troubled by that because that's what they're supposed to do. But we have government-wide made a commitment to bring Alberta's spending in line with the average or closer to the average of Canadian provinces in the different things that we do. I think that this budget reflects that. If you're pointing out that the municipalities have taken a 25 per cent haircut in their MSI capital funding, you would be a hundred per cent correct in saying that. That is true.

Today I'm only in a position to defend what's in the budget and talk about that, but in terms of changes in the future to LGFF and things like that, let me say this. I talk to municipalities all the time, will continue to talk to municipalities all the time, and hear what's important to them, and we'll hash it out. But if you're looking for a promise to do something different than what's in the budget today, I can't offer you that because I'm offering what's in the budget today, and, well, you know, we feel, frankly, good about it.

7:20

**Member Ceci:** I get that you can't change the budget documents before us, but I'm not feeling a lot of comfort or hearing that you're an advocate, you're an ambassador for municipalities in this province so that you will push for something different to happen because of the gusher of WTI at this point in time.

**Mr. McIver:** I can assure you I am an ambassador for the municipalities. I think we all need to remember that while the

revenues are high right now – and they may even stay high; who knows? – the bottom could fall out tomorrow. I don't think it will. I think there's a reasonably good chance that they'll stay high for a little while – although if I could predict the future, I'd be a lot wealthier than I am right now – but let me say this. We will stay in touch with municipalities, stay in touch with what their needs are. We will, again, constantly be in touch with them. We will see what happens because the other thing that we ought to bear in mind is that we still have a debt to pay back, you know, in the neighbourhood of \$90 billion, and we can't overlook that. But one of the things that we feel good about is that what municipalities want with the LGFF is long-term, sustainable, predictable funding and having that escalator clause, where the municipal funding in the future will go up and down with . . .

**Member Ceci:** They're not keen about the 50 per cent.

**Mr. McIver:** Yup. I appreciate – yes. You are correct.

**Member Ceci:** Okay. Yup. On page 210 of the fiscal plan we see forecast capital spending for Municipal Affairs at \$1.7 billion roughly in the current fiscal year, going down to \$781 million for the fiscal year '22-23. That's roughly a billion dollars cut. While some of this was expected, you're balancing the books on the backs of municipalities, and people are feeling it because we're seeing many municipalities come up with increased property taxes at this point. They have two choices: they can increase property taxes, or they can push off needed capital investments. That's what they tell me. They probably tell you the same thing.

**Mr. McIver:** Well, let me . . .

**Member Ceci:** So . . .

**Mr. McIver:** I'll wait. Carry on.

**Member Ceci:** I'll just finish my question . . .

**Mr. McIver:** Okay. Go ahead.

**Member Ceci:** . . . rambling as it might be.

Your downloading strategy is making life more expensive for Albertans at a time when they're getting hit from all sides by increases and inflation: grocery bills, utility bills, insurance rates, et cetera, et cetera. The list goes on forever. Why is downloading going on to ratepayers and homeowners the single biggest thing that your ministry is doing in Budget '22, in my opinion?

**Mr. McIver:** Oh, actually, I wouldn't characterize what we've done as downloading, as you have. I'd say we are taking a responsible and sustainable view towards the future so that we can keep supporting municipalities now and into the future. In fact, to be clear, while I acknowledge that there's been a 25 per cent reduction in capital funding, down to \$722 million a year – and I think you, hon. member, know very well, because we announced this last year, that while the number in the budget is \$485 million, it's actually \$722 million over three years, but with a lot of it front-end loaded last year.

So if you consider that front-end loading last year with the \$722 million average and you also consider the additional \$500 million that went to municipalities last year in extra support during COVID, the municipalities actually will not take an actual decrease in dollars for another couple of years. It's coming. I'm not denying it. There's a 25 per cent capital funding cut, but they haven't taken that damage yet, if you'd call the reduced funding damage. They haven't taken that reduction yet. It's coming, but they haven't actually had their

funding reduced yet because of the front-end loading and the additional \$500 million that was put into the capital program last year to help them through this time.

**Member Ceci:** You know, LGFF will be 37 per cent less if you take the 10-year average for that MSI fund. It'll be 37 per cent less when it kicks in in '24-25, and we're at a time when the revenues for the province are turned around dramatically and positively for this province. So it still seems to me that municipalities are taking the haircut for this government.

Let me just move on to municipal borrowing. You know, as part of Budget '22 the government decided to increase the borrowing rates for local authorities – I've been hearing that a lot, and you probably have, too – which includes municipalities. It's increased the borrowing rate for municipalities .5 to .75 per cent, which is effectively a new tax or a surcharge where it never was before, and every single municipality and their capital projects in the province are going to cost more. Why is that happening at a time when the province is having a dramatic turnaround in its revenues?

**Mr. McIver:** Okay. Well, first of all, let me just say that our government continues to offer what we think is convenient financing to local authorities at attractive terms and rates. The local authorities with large capital borrowing programs can now seek alternative financing options, which include accessing debt capital markets. This is something most large cities and airports outside of Alberta already do. Alberta is one of only four provinces that provides loans to local authorities for capital financing, and no other province provides loans to airports. The new loan pricing model still provides small and medium municipalities lower loan rates than rates for other amounts borrowed.

The actual rate itself: I'd have to respectfully refer you to the Minister of Finance and Treasury Board because that's a Finance and Treasury Board decision. You know, if you say it affects municipalities, I don't disagree with you there, but that's where that rate gets set, and I would respectfully suggest that you save that question for the Minister of Finance when you get a chance.

**Member Ceci:** Yeah. I get that it's under TBF, but I and likely you have been hearing lots from municipalities about – they were surprised in November when it came forward. The rates were more attractive – I think you'll agree – before this new change to TBF came in.

**Mr. McIver:** I think it's fairly – I won't argue with you that if I'm borrowing money, a lower rate is better than a higher rate, and if I'm lending money, a higher rate is better than a lower rate. I just can't argue with you on that.

**Member Ceci:** Yeah. Okay. When the government dismantled Alberta Capital Finance Authority and brought it in-house to TBF, it was promised to municipalities in writing that there'd be no other changes, and obviously this is a change. Why was that changed?

**Mr. McIver:** Again, respectfully, that's a Treasury Board and Finance decision, an issue for that minister, and again I'll recommend respectfully that you write that down and save that for the proper minister.

**Member Ceci:** Perhaps you can provide me some background. Have you heard of municipalities not paying their bills to AMSC or to, you know, in itself, the province when they borrowed money? That was one of the reasons this letter from Assistant Deputy Minister Epp said, you know, that there are risks on lending to



municipalities. Have you heard there are problems with the lending to municipalities?

**Mr. McIver:** I'm going to ask my staff, if you don't mind, MLA. I don't put my hands right on individual loans. That won't surprise you.

**Member Ceci:** Sure.  
Deputy Minister.

**Ms Cox:** Yeah. Great question, probably, for the author of that letter. Again, I just would point you to the Treasury Board and Finance estimates for a more detailed, probably, response than what I can offer. I think that what that is referencing is not necessarily the risk to lending to local authorities but the fact that there is increased credit risk overall in the province. This is in part taking away the kind of shelter around that low interest rate that was offered to local authorities before.

**Member Ceci:** Okay. So municipalities . . .

**Ms Cox:** Interest rates are increasing overall . . .

**Member Ceci:** . . . aren't the source of that risk, you're saying, I think.

**Ms Cox:** I can't speak to the source and, I guess, whatever adjudication was made by Treasury Board and Finance around municipalities in terms of their level of risk and how they correlate that to the interest rate, but I think that my understanding was that there's, overall, an increase in the interest rates and that it's difficult to kind of shelter local authorities from those increases.

**Member Ceci:** All right. Thank you, Deputy.

**The Chair:** Go ahead, Ms Sweet.

**Ms Sweet:** Thank you, Mr. Chair. Maybe we could just expand a little bit on that comment around the risk in Alberta. The borrowing: I'm a little bit concerned about hearing about the credit risk given the fact that there's been zero default in 50 years in Alberta when it comes to the borrowing for municipalities. I appreciate that interest rates may be going up in general, but when we're looking at the fact that we're supporting municipalities to build capital and do that investment, why would the decision around the risk be part of that conversation when, in fact, we haven't had that problem, or zero default, in 50 years?

7:30

**Mr. McIver:** I think you might want to talk to the Treasury Board and Finance minister about that. The only thing I'll say in general terms is that Alberta doesn't exist in a vacuum. We borrow money, too, before we lend it. So how that works out, you know, with our lending rates – I imagine the world-wide risk would have something to do with what our rates do. But, again, it's really a Treasury Board and Finance question that you're trying to tease out here, and we're trying to help you out with that. Probably a different ministry is where you're going to want to get your detailed information on that.

**Ms Sweet:** But, respectfully, Minister, you're actually the vice-chair of the Treasury Board, so you are very much involved in those conversations on an ongoing basis. Although I appreciate that the Minister of Treasury Board makes the final decision, you are the vice-chair, so these decisions are debated with you on an ongoing basis.

**Mr. McIver:** Again, you should talk to that minister, but I will say that one of the elements that affects the interest rate you pay is the credit rating, and under the previous government we had lots of credit downgrades – lots – at least six.

**Member Ceci:** You've had lots.

**Mr. McIver:** And we've had a couple since. We're hoping . . . [interjection] Your member is interrupting you. I guess you and him have something to sort out. Let me just say that we're very hopeful. We can't guarantee it, of course, but we're hopeful, having put a balanced budget on the table and evidence to, I think, support that we intend to actually follow through on balancing that budget. While I can't guarantee you that there will be credit rate improvements perhaps, who knows what that will do to the interest rate. If we get credit rate upgrades, it won't make it worse. Certainly, we got a lot of downgrades under the previous government. I don't think that made it better.

**Ms Sweet:** I'm listening.

**The Chair:** Thank you. Go ahead, Member.

**Ms Sweet:** Did you want me to continue, Joe?

**Member Ceci:** Sure.

**Ms Sweet:** Yeah. Okay. I guess part of what I would like to get into a little bit with you, Minister, is looking at the socioeconomic analysis for some of these municipalities when it comes to being able to do the investment when it comes to capital projects. We know and you already indicated in your comments that airports and bigger municipalities have the capacity to maybe go to the private market to borrow if they feel that they need to do that. We know, going back to your interest rate comments, though, that that costs more to municipalities if you have to go to the private market, which is why there is that advantage in Alberta to be able to work within the structure that currently exists.

Now, for smaller municipalities they don't necessarily have that ability. We know – and I'm hearing this when I'm talking to municipalities that are looking at trying to bring in that capital investment into their communities – that infrastructure is one of the biggest barriers that they have, whether it be a water pipeline, natural gas line, electrical, whatever it is that they need to do. They don't necessarily have the ability to get that capital grant money or the amount that they need to be able to get that investment into their communities.

I guess I'm curious, from the government's perspective, why putting a barrier on supporting smaller rural municipalities to be able to build this infrastructure would be something that would be seen as a benefit of balancing the budget. If it's a job creator and it's able to get more people living in smaller communities, buying into the market, being able to have employment that then creates a bigger tax base, why wouldn't that assessment be done and that support be provided to smaller municipalities?

**Mr. McIver:** Well, let me say this. I think that in general terms our government has created a very business-friendly environment in this province, as shown by the number of companies moving here and the expansion and diversification of the economy with the lower tax rates. Again, I would just say that not all investment has to be public investment. Private investment is really where we win as a society and create more jobs and tax revenue for municipalities in the province and the federal government, for that matter.

I would say that the general government policies that have been put in place to cut red tape, to have a lower corporate tax rate – I know the previous government raised it by 20 per cent, and we've dropped it by 33 per cent and actually, frankly, collected more taxes at that lower rate. All municipalities, big and small, benefit from those very business-friendly policies that our government has had, and those are the things that we really think will help put wind in the sails of keeping the economy strong in the small municipalities, creating employment, creating tax revenue, for goodness' sake, to help them build the infrastructure locally also.

**Ms Sweet:** Well, I think we're saying the same thing in the sense of I agree with you that getting private investment into smaller communities across Alberta is a benefit to the local communities and it does raise that tax base. I don't dispute that. But what I'm hearing is that if those smaller municipalities that don't have the tax base can't raise the funds to be able to build the capital projects, to be able to incentivize or encourage those investments, that is where we seem to have a disconnect. The concern that I have is . . .

**Mr. McIver:** I think the biggest disconnect is that, with all due respect, you seem to be emphasizing the municipalities paying for all of the infrastructure, and I'm saying that some of it can be done that way and a lot more can be done by the private-sector investors that want to build there. Sometimes they can build some of their infrastructure as well. We'd like to think that that business-friendly environment that we've tried very hard to create here in Alberta will really help to incentivize some of those private-sector members. While we're not necessarily arguing, I can certainly see that I'm emphasizing the private-sector contribution much more than you are.

**Ms Sweet:** Well, I think the reason I'm doing that is because what I'm hearing is that there is actually investment being lost in some of our rural municipalities due to the fact that they don't want to have to pay for the infrastructure because they believe that the municipality has a responsibility to ensure that the water access, the pipeline, is there, to ensure natural gas access is there, as you would with any development that you're creating in a community when you're trying to get infrastructure or manufacturing facilities to build. They need access to those utilities.

**Mr. McIver:** Sure. We could always do more. I certainly don't have any trouble acknowledging that. But the municipalities have lots of tools that they can use. I think they can actually provide a tax break for a period of time. It was in Bill 7, I think, that we put through a couple of years ago. So there are lots of things that we do to help, the number of programs through different ministries, not all ours. I mean, ours is certainly the main connection between government and municipalities, but there are a lot of other supporting programs through the ministries of Transportation and Infrastructure and JEL. You know what? We try hard to put these things together to make Alberta an attractive place for businesses, whether businesses are located in big municipalities or small. I think, to a large degree, in this way a rising tide lifts all boats, and we try to encourage that investment in Alberta for all municipalities' benefit and all citizens' benefit.

**Member Ceci:** Yeah. Thanks. I'm going to just take off from where she left. My fact-checker says six downgrades from your side. One was a double, so that's seven. I guess you win.

**Mr. McIver:** The game is not over yet.

**Member Ceci:** I think you can do more.

**Mr. McIver:** I think we're going to enjoy the next year or two that way quite a bit more than we've enjoyed the last three years, but we'll see what happens.

**Member Ceci:** Oh, well, you'll enjoy high oil prices, for sure.

**Mr. McIver:** Having said that, I can't guarantee it either because we're back to that whole predicting the future thing again.

**Member Ceci:** I know. So how much additional revenue – back to this change, .5 to .75 – per year over the fiscal plan is going to be generated from this additional tax on municipalities?

**Mr. McIver:** There's no additional tax on municipalities.

**Member Ceci:** This additional fee increase on borrowing.

**Mr. McIver:** That's mostly a Treasury Board and Finance thing. You're going to have to ask that minister. Sorry, sir. I just don't have that here.

**Member Ceci:** Okay. There are going to be increases to borrowing, and municipalities have told us all that they're not happy with this, but they're going to have to eat it, is what you're saying.

**Mr. McIver:** No. They have a decision to make. I would never tell them that they have to do anything. They have one of many very hard decisions that municipalities have to make, whether to borrow the money or not, whether it makes sense or not, kind of like you and your family and me and my family and our provincial government. These are all tough decisions. Really good people get elected to municipalities to make those tough decisions, and I have great confidence in them.

**Member Ceci:** Just on a different topic, grants in place of taxes, GIPOT, remains disconcertingly at 50 per cent of what the provincial government actually owes municipalities. The provincial government changed that unilaterally in 2020 and instituted this reduction so that residents who live in municipalities who have provincial properties are disproportionately impacted. For some reason it's okay for the province not to pay its taxes, but property owners in these areas have to make up the difference. We're in a very different fiscal environment – we've all talked about that for the last 15 to 20 minutes – from when the original decision was made to download costs onto those municipalities that service provincial properties. Why haven't you in your role as an advocate for municipalities changed that, looked at changing that?

7:40

**Mr. McIver:** Well, that would not be in this budget, which is what we're talking about here today.

**Member Ceci:** GIPOT is in this budget.

**Mr. McIver:** I'm presenting the budget that we have here today. I think it's a very good one. What you're talking about are changes that we could consider in future years, but what we do in future years isn't really before us today. What's before us today is this budget, and in this budget that has not changed this year.

**Member Ceci:** No. It's \$30 million a year. It was \$60 million a year under our government. We were paying all of our taxes, but you've reduced that in 2020 unilaterally without talking to municipalities.

**Mr. McIver:** Again, there was no change in this budget on that. I'm not arguing with the numbers you give. I'm certainly not telling you

that you're wrong, but I'm just telling you that that's not a change that we made this year in this budget.

**Member Ceci:** Right. And that's still a problem.

We see in Budget '22 that the STIP program that municipalities rely on is getting cut once again. Relative to the spend projected in Budget '21-22, it will be cut by \$18 million, or 40 per cent, through this fiscal plan. Once again, it's downloaded onto municipalities and potentially forcing them to increase property taxes. Just a few questions about STIP. Why are you continuing to cut this incredibly important support for municipalities, and how do you expect municipalities to make up the difference?

**Mr. McIver:** Okay. Well, I'm not sure that we are, because it's not my program. It's Transportation's program. STIP falls under the Ministry of Transportation. I'm quite sure of that because I was that person a few months ago.

**Member Ceci:** Yeah. It's on page 165.

**Mr. McIver:** You might want to, again, when you're writing down those other questions, write down this one and ask the Transportation minister. I'm sure that she and her staff will be able to do their best to answer that for you.

**Member Ceci:** Okay.

**The Chair:** Any further questions, Member Sweet?

**Ms Sweet:** Yeah. I'll go. I'll continue on my rural municipality conversation.

**Mr. McIver:** Are we adjourned? Is that what you're trying to say?

**Ms Sweet:** Aw, come on.

Something that I would also like us to look at, again going back into those rural municipalities, for example, is the importance of having some of this capital investment. We've heard from the city of Wetaskiwin – I'm sure you've had conversations with them as well – that their water treatment plant isn't up to standards, which means that they are going to have to do some serious upgrading and will be required to do some capital investment in that area. If that's not done, they'll start getting fined by the federal government for not being in compliance with the new environmental standards. Given the fact that you are the ambassador for the GOA and that working with the federal government is part of the responsibility, what kind of message of trust does it send to the Legislature if the things for water treatment plants and things like that, where we know municipalities are going to be potentially paying fines, aren't happening and those funds aren't being released to support the municipality to build that water treatment plant?

**Mr. McIver:** Well, again, I think that you ask an interesting question, and I'm pretty sure, because I was in Transportation as the minister not that long ago, that I can tell you for sure that the government of Alberta's funding to municipalities for water and waste-water treatment plants comes through Transportation. So there's another question you might want to save for the appropriate minister at the appropriate time.

**Ms Sweet:** But it would be capital investment because they have to upgrade the facility, so the facility would still be required . . .

**Mr. McIver:** And that investment comes through Transportation. I'm not giving you a bad time; I'm just giving you real good, hard information. It comes through Transportation.

**Ms Sweet:** So what if they're not able to get the facility set up in time and they're starting to have to pay those fines? As the Minister of Municipal Affairs, I mean, ultimately, that cost is going to be put onto the municipality to have to find the money to pay the fines. They don't want to pay the fines. They want to try to get this capital investment done in time, and they're not the only municipality in the province right now that's dealing with the water treatment upgrading requirements.

**Mr. McIver:** Well, in general terms we try to encourage the federal government to not download things that people can't afford with their changes and standards. Environmental standards go up, but that also doesn't change the fact that it can lead to financial challenges for the party that the standards have gone up on, and I think that all governments need to try to be careful of that.

**Ms Sweet:** I appreciate that. I guess part of the struggle that I'm having . . .

**Mr. McIver:** Here's the other thing, too. We provide the MSI, and we give the municipalities a great deal of latitude with how they spend it on their capital programs, so then they have sometimes another one of those hard choices about whether they want to put it toward a water treatment plant or one of the other myriad things that municipalities have to do. This is just in the long list of hard choices that we have to make in government. I'm sure the federal government ought to be making hard choices, and the municipalities have to as well. I have great sympathy for municipalities. It's another one of those hard choices, but the MSI funding that we provide them . . .

**Ms Sweet:** Would be used for the water treatment plant, which is what I was trying to say.

**Mr. McIver:** No. It would be used for what they choose to use it for.

**Ms Sweet:** But when municipalities – and this is not, again, the only municipality that is dealing with this issue – have been told that they now don't meet the environmental standards that are required, there are a few municipalities that are being forced to deal with this very issue. The issue is either increasing their property taxes so that they can get the money that they need from their community members, their citizens, to help pay for this – part of it would have come through their MSI funding, and they would have had to allocate it through MSI because of the fact that they are now being mandated to hit this target, and that funding is being cut. So it is creating stress, and there are other municipalities that are feeling the burden of this that are worried about how they're going to hit this target while they're being told by this very government, who has budgeted \$70 a barrel when it's currently \$118, that they're not going to get the financial supports that they need to ensure that they hit these targets.

**Mr. McIver:** We give a lot of support to municipalities, as I said, including the things that I talked about in my opening remarks and the MSI, but no matter how much support we give to them, municipalities have a tough job. They have tough choices to make. I sympathize with them tremendously, but you know no matter how much we help, the tough choices will never go away.

**Ms Sweet:** Minister, on page 211 of the estimates from last year you committed \$124 million in municipal waste management infrastructure grants to municipalities under your ministry. Now you're projecting to spend only \$73 million. That's a 41 per cent

decline. Page 211: that was last year's budgeted number, \$124 million, to municipal waste management infrastructure. It's now 41 per cent less, and we have municipalities that are coming forward saying that they need this support.

**Mr. McIver:** Again, Minister of Transportation: that's where that question belongs. Waste-water management – again, I'm not trying to be smart, but I've said it several times: water management and waste-water management capital programs are through the Ministry of Transportation.

**Member Ceci:** Page 90 of the business plan: there's a reference to a 24/7 watch station. I don't know what that is. What is it?

**Mr. McIver:** I didn't actually hear what you said, so I don't know what it is either.

**Member Ceci:** A 24/7 watch station.

**Mr. McIver:** A 24/7 watch station.

**Mr. Lacroix:** I can take this one, hon. minister.

Thank you, hon. member. Mr. Chair, the Provincial Operations Centre operates 24/7. Whether we're managing an emergency or not, there's always somebody 24/7 manning the phone, the computer network, and being connected to first responders across the province and indeed the federal government. That's what this is all about, sir.

**Member Ceci:** I assumed it was at the POC, but I didn't know it just implied that somebody at the POC is there 24/7.

**Mr. Lacroix:** Yeah. Exactly. We call them our PDOs, our provincial duty officers.

**Member Ceci:** Okay. I think off the top you talked about extreme weather events, Minister, and disaster support. That seems like it's going to be happening a lot going forward, you know. It's not a matter of if . . .

**Mr. McIver:** I have no idea. I can talk a bit about what's happened in the past, but I do not have any idea what events are going to happen in the future.

**Member Ceci:** Yeah. I know. In this budget there seems to be a cut to climate resiliency funding. Just wondering why that's there. Is it in line with the kind of fiscal . . .

7:50

**Mr. McIver:** That's a great question for the minister of environment when his turn comes up. It sounds like I'm dodging your questions, but you're kind of supposed to ask questions that apply to my ministry, and you're asking all the other stuff. Sorry about that.

**Member Ceci:** That's fine. Just thinking about what you do and what you hear from municipalities and if you listen to them and advocate for their needs with all of these cuts that are on the table: that's the question.

**Mr. McIver:** Yes. I talk to municipalities constantly and listen to them constantly.

**The Chair:** Go ahead, Member Sweet.

**Ms Sweet:** Yeah. Thank you. Minister, we've asked a lot of questions, and a lot of the responses we have been receiving from you are: ask the other minister; ask another minister; ask another minister.

**Mr. McIver:** That's because you haven't asked the questions that apply to this ministry, which are my job to answer.

**Ms Sweet:** No. But my question would be – you have a responsibility to advocate on behalf of municipalities. When you see a budget presented in front of you where you see cuts in every area that you know is going to impact your municipalities – transportation, environment, all of the things – is it not your responsibility as the minister to say, "Hold on a minute; this is going to have a huge amount of impact on the citizens of Alberta; this is going to create property taxes going up; there are going to be user fees in these municipalities, all of the things to pay for all the cuts that we're making"? At some point do you not go, "Wait a minute; maybe this is too much"? A balanced budget is good on one hand, but we also need to make sure that the services that Albertans expect from their municipalities are going to happen. Like, is that not part of the role?

**Mr. McIver:** Yeah, it's part of it. It's part of the role of mine, it's part of the role of municipalities, it's part of the role of all of government to make hard decisions about what we can afford to do and what's most important to do. We spend lots of time making these very tough choices and these very tough decisions for the benefit of Albertans and the benefit of Alberta municipalities, and quite frankly I'm very proud of the budget that that's resulted in, which I'm defending my piece of here today.

**Ms Sweet:** You're proud of the fact that some municipalities are raising their property taxes by between 6 to 9 per cent on their citizens because of the fact that there's been so much cut out of their budgets?

**Mr. McIver:** Well, see . . .

**Ms Sweet:** That's downloading it onto Alberta.

**Mr. McIver:** You make it a generalized statement there, and it's not entirely fair. There are 300-odd municipalities. Some raise their taxes by more than what you just described, and some by less, and I start out from the assumption that they have their municipality's best interest at heart and they're making those tough decisions to the best of their ability and in the best interest of their citizens. I try to be supportive of them while they do that, knowing that they've got a tough job, and we're here to help them as much as we can.

**Ms Sweet:** Okay. Well, let's talk about another downloading of cost, then. Let's talk about provincial policing, which I do believe is part of your responsibility within municipalities . . .

**Mr. McIver:** No.

**Ms Sweet:** . . . because it's going to impact municipalities when they don't have access to the police services.

**Mr. McIver:** No. It's Justice. When you get the Justice minister in front of you, then you should go there.

**Ms Sweet:** Do you believe that the 15 to 20 per cent in the budget, the extra \$12 million, that's going to be downloaded on municipalities to have to pay for police services is a fair assessment to be able to put on municipalities?

**Mr. McIver:** Yeah. Again, that's something that you're going to have to take up with the Justice minister. What I can tell you is that . . .

**Ms Sweet:** It impacts the municipality budgets, Minister.

**Mr. McIver:** What I can tell you is that municipalities want their municipality to be safe. They want the police to arrive when something bad happens. They want the police to arrive in a shorter rather than longer period of time. They want the police officers to be well equipped. They want their citizens to feel safe in their municipalities. Again, like, municipalities don't get to look at things in isolation, and neither do we. We have a lot of conflicting things. But at the core of it, if you're talking about police funding, you need to talk to the Justice minister in this budget process.

**Ms Sweet:** And I agree, but what I'm hearing from municipal leaders is that they're paying more and they don't actually have any more boots on the ground.

**Mr. McIver:** And I'm sure the Justice minister will be happy to talk to you about that if you wait until that time comes.

**Ms Sweet:** But the issue here . . .

**Mr. Turton:** Point of order.

**The Chair:** Point of order noted. Go ahead, Mr. Turton.

**Mr. Turton:** Yeah. Under 23(b), speaks to matters other than the question under discussion. The hon. member even articulated that she was asking questions that were outside of the purview of Municipal Affairs. I'm very excited to know what the opposition has in terms of their questions about the budget that's before us, the numbers, the business plans, the reason that we're all here tonight, so I would just ask that the hon. member please stick to Municipal Affairs versus a whole wide array of different ministries.

Thank you.

**The Chair:** Thank you.

Members, would you like to respond?

**Ms Sweet:** Yeah, I can respond.

**The Chair:** Thank you.

**Ms Sweet:** I appreciate that the minister doesn't like the questions that I'm asking. However, it's not a point of order; it's a matter of debate. The reality of it is that every municipality, as the minister has already clearly said, impacts every decision that happens to a municipality. He has actually commented on the fact that although it may not be under his ministry, it does impact the decisions that municipalities have to make. We're trying to . . .

**Mr. McIver:** I'm trying to be polite even though they haven't done their homework.

**Ms Sweet:** My point is that when we're building the conversation around the budget and the cuts that have happened within the budget and the impact to municipalities, there are many different intersecting things that do impact his ministry.

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

I'm prepared to rule on this. I've allowed a lot of latitude. I think we've covered Treasury Board and Finance, Transportation, Justice, Environment and Parks so far, and I've heard very, very few questions that reference a line item in this budget, which we're here – we've got three hours to cover this. It's a very, very important ministry to the province, and I think we should stick to the questions which are within the purview of this minister to answer. He's tried to do his best, I think, and I think he must have done a heck of a good job on the budget because there don't seem

to be any questions arising from the opposition in regard to his ministry. Please carry on with questions that are relevant to this ministry and, you know, try and stick to that. I think it's in the best interest of Alberta if we do so.

**Member Ceci:** Page 165 of the fiscal plan: I'm just wondering why – the way I read it is that there was delay in the provincial match funding in last year's budget to the tune of \$82 million for ICIP federal dollars. Again, less investment across the province negatively affects employment opportunities in Alberta. I'm just wondering what the delay in provincial dollars was about.

**Mr. McIver:** Okay. Folks are trying to look that up. Apparently, it's a cash-flow issue. Lots of times the delays happen because – oh, here we go. It's the schedule of the construction. Sometimes when you try to get work done, the construction company shows up early and you need cash flow sooner, and sometimes they show up late or run into trouble and the cash flow is slower than anticipated. Construction is kind of like that, and ICIP has a lot to do with construction. I think I'll just check with my staff. I don't think any funding was withdrawn. It just flowed at the pace it flows, right? Yeah. It's just that when the construction company shows up and works faster, then they need the money faster, and when they show up late or work slower or run into trouble, they need the money slower. We adjust the cash flow according to what the municipality does with the construction companies that they hire to do things. That's just one of the many services that we provide, some flexibility in that cash flow in order to help municipalities succeed in meeting their goals and objectives on behalf of their citizens.

**Member Ceci:** So the delay was because construction was delayed?

**Mr. McIver:** Yes. That's what I'm hearing. Here we go. The federal government endorsed 13 projects in 2020 that Municipal Affairs was administering. These projects are now proceeding. They include: the city of Brooks, sanitary sewer replacement, horizontal lift station; Red Deer, community centre expansion; municipal district of Acadia, community hall; Bonnyville, adventure park; Lac La Biche county, an aquatic centre; Devon, new recreation complex; Drayton Valley, zero aquatic facility upgrades; Edson, multiple-recreation, multiple-use facility; Millet, Agriplex; Vegreville, agrifood industrial; Whitecourt, arts and culture centre; Consort, Consort aquatic facility; Jasper, Jasper recreation facilities.

Some of these projects presumably were ahead of schedule. Some were behind, and on average the behind amount is the amount you asked about. I suppose that if you want to go to those municipalities, we could find out municipality by municipality. But the fact is that all of the money, 100 per cent of the money from the federal government, was delivered to the municipalities. It just gets delivered at the pace in which they can do the construction.

8:00

**Member Ceci:** I'm curious about something. The last time we were here, Bill 7 had just come in in the spring, and it's a 15-year tax forgiveness for municipalities. Do you know if anybody – that they can offer to economic development or businesses . . .

**Mr. McIver:** Any examples? Anybody use it? Are there any examples of a municipality successfully using that?

**Member Ceci:** That's what I'm asking.

**Mr. McIver:** Okay. We're going to get that for you.

**Member Ceci:** Good.

**Mr. McIver:** Okay. Strathcona county, Wheatland county, city of Fort Saskatchewan, the town of Cardston passed bylaws to make the incentives available in their communities.

**Member Ceci:** That's three.

**Mr. McIver:** That's one, two, three, four. That's apparently a representative – that's not an exhaustive list. That's a few examples of communities that have done this.

**Member Ceci:** Downtown Calgary. Any of that within your purview in terms of the city of Calgary?

**Mr. McIver:** The city of Calgary is a municipality, and I'm the Minister of Municipal Affairs. If that's your question, yes.

**Member Ceci:** So with regard to the budget there was \$5 million for downtown revitalization, \$4 million for the city, and \$1 million for PIAs. Is that it?

**Mr. McIver:** No. The \$5 million is the jobs, economy, and investment ministry.

**Member Ceci:** It's not you.

**Mr. McIver:** No.

**Member Ceci:** Okay.

**Mr. McIver:** We've covered six or seven ministries now.

**Member Ceci:** Yeah. Lucky. Lucky.

**Mr. McIver:** Well, you've got to do your homework, sir.

**Member Ceci:** The municipalities have talked a lot about increased charges. Another one is probably with regard to paying more for the destruction of dangerous goods and remediation.

**Mr. McIver:** That's the Infrastructure ministry.

**Member Ceci:** You know, municipalities don't really care which department or which ministry.

**Mr. McIver:** Well, they do.

**Member Ceci:** They care about the costs . . .

**Mr. McIver:** They do their homework.

**Member Ceci:** . . . and their costs are going up.

**Mr. McIver:** If they do their homework, then they get the support from the part of government that provides that support.

**Member Ceci:** It's not providing support. That's the problem, that they stopped supporting Swan Hills and are charging municipalities now for that.

**Mr. McIver:** That would be a great question for the Minister of Infrastructure when that comes up.

**Member Ceci:** Yeah, I've got that, but there's a theme here, and the theme . . .

**Mr. Getson:** Point of order.

**The Chair:** A point of order has been noted.

**Mr. Getson:** Point of order, Chair. On 23(b) again, speaks about matters other than the ones at hand. Again, on this side I appreciate this. It's been very enlightening to hear about all the other ministries while I'm here listening specifically to Municipal Affairs. But other than the educational thing, I believe the minister has tried to answer a couple of times. With respect, if we could keep to that point, Chair, that would be greatly appreciated, I think, for everybody to make the best of the taxpayer dollars here.

**The Chair:** Thank you.

Opposition members to respond to the point of order?

**Ms Sweet:** Sorry, Mr. Chair. Again, I think it's a matter of dispute. As my colleague is trying to indicate and trying to demonstrate, municipalities flow through a variety of different ministries. Although the minister will want to continuously keep putting it onto other ministers, ultimately municipalities have to interface with a variety of different ministries, and the clarity that my colleague is trying to look at is how they intersect with each other. I think trying to say that we can't say another ministry's name in conversation when trying to get clarity on behalf of municipal leaders does a disservice to the very people that are asking us to ask these questions.

**The Chair:** Okay. Thank you very much for that, both. Again, I guess I would consider it a matter of debate. But, please, you've got a little over 11 minutes remaining. If we could get to some questions specifically for the minister that the minister can answer, I think it would be in the best interests of all of us here and Alberta as well. Please refer to a line item from the budget or a page in the business plan with regard to Municipal Affairs.

**Mr. McIver:** Chair, I've been more than patient. The fact is that the hon. members haven't done their homework, and then they're complaining because I can't answer questions about what's outside of my ministry. They actually need to get somebody to do their homework for them before they come here.

**The Chair:** Yeah. Thank you, Minister, for that interjection.

I would encourage the members of the opposition to refer to a line item in the budget or an item in the business plan with regard to Municipal Affairs.

**Member Ceci:** So the stimulus program, that I think is expired: what impact did that have on municipalities?

**Mr. McIver:** Wow. That's in my ministry. Thank you. That's a big question, and I could probably spend the rest of the two hours answering that because it was, like, \$500 million and it was spread out over a whole bunch of municipalities, significant capital funding, reduced red tape. Municipalities, again, had a great deal of flexibility and influence over how they spent that money. Gosh. Do we know even how many municipalities it went through out of the 300-plus municipalities? All of them. So there you go. Respectfully, if you want us to look it up and read it to you for the rest of the time, we will, but there's essentially . . .

**Member Ceci:** No, I just asked for a summary.

**Mr. McIver:** There's essentially 300 different answers to your question or over 300 because there's over 300 municipalities that got the money.

**Member Ceci:** So they got the money and they invested it.

**Mr. McIver:** Yes.

**Member Ceci:** And did the GDP go up as a result? Did more employment happen?

**Mr. McIver:** Yeah. Well, I'm sure employment would happen because every time you pour a sidewalk, then somebody has to do that, and every time you add on to or fix a rec centre, somebody has to pay for that, do that work, and every time you pave a road, not only do people have employment while they do it, but it actually creates a better piece of infrastructure for the economy of the municipality from that point forward for the next 10 or 20 years, until the road needs fixing again. Over 500 projects in the province worth over \$730 million – \$499 million of MSP funding plus more than \$230 million of municipal contributions – so, yes, I would say that it did affect positively the GDP.

Probably most importantly during this time, it affected employment. So many people during COVID were out of work, and putting people back to work while building the infrastructure for the economy of the future – again, I've just got to say that I'm quite proud of and feel good about this program that we put forward with our municipal partners, who actually had a big hand in deciding these projects. I have great confidence that they did. About 50 per cent, apparently, was for road and bridge projects; about 21 per cent for parks, sports, and recreation infrastructure; about 15 per cent to water, waste-water, and stormwater infrastructure; and others for affordable housing and other municipal buildings and facilities. Again, that's in broad terms. It gives you an idea.

**Member Ceci:** That's good. No, it's good to hear some facts coming from the investment of those monies. Okay.

Well, the CARES is not getting funded again. Why is that?

**Mr. McIver:** That's not this ministry.

**Member Ceci:** Oh. Okay. I thought the Economic Development Authority was in this ministry – not the economic development . . .

**Mr. McIver:** JEI, I believe.

**Member Ceci:** The CIDA? No. All right.

**Ms Sweet:** Minister, if we could please look at, in your supply vote programs under 10, Land and Property Rights Tribunal.

**Mr. McIver:** Yes.

**Ms Sweet:** That is under your ministry.

**Mr. McIver:** Bingo.

**Ms Sweet:** It's even on page 176.

**Mr. McIver:** If we're playing bingo, you get to stand up and yell right now. Yes.

**Ms Sweet:** Do you happen to know how many quasi-judicial decisions have been made over the last year in relation to access points or land-right use disputes?

**Mr. McIver:** We'll try to find that for you. Several other boards were rolled into one, which is now the land use and property rights tribunal. Susan, would you mind, please? You got the expert coming up, okay?

**Mrs. McRory:** Susan McRory. I'm the chair. I'm sorry; I didn't quite catch the question. Sorry.

**Ms Sweet:** I'm wondering if you happen to have the numbers of how many judicial decisions were made this year or how many hearings have happened.

**Mrs. McRory:** Yes, I do. Over 7,000 on the surface rights alone.

**Ms Sweet:** This year?

**Mrs. McRory:** This year.

**Ms Sweet:** Have those all had decisions at this point, or are they still in review?

**8:10**

**Mrs. McRory:** Yes. Every decision of anything that the board does or the tribunal does has to be in writing. So each one of these is in writing and, as I said, over 7,000 just on the surface rights side.

There is other work that we do, and of course CARBs is something in the nature of about 1,800. Something in that neighbourhood. Annexations: I can give you those numbers. We've only had two annexations this year, but you can appreciate, ma'am, that those are monstrous files. We've taken a new jurisdiction. For subdivision and development appeals: 43. On the pure subdivision: 41. Of course, we also have other work on the expropriation side. Again, those are not going to be the same kind of numbers of hearings because these are monstrous and very important ones, so it is difficult. You have to know what the volume is and the complexity of the decisions, but that is actually reflected in the annual report. If you want exact numbers, that's where they live.

**Ms Sweet:** Okay. Thank you.

**The Chair:** Go ahead, Member. Do you have further questions?

**Ms Sweet:** I'm still good to go. I just wanted to make sure that we got online the property rights tribunal.

I guess – and I'm not sure. I should have probably asked before your member sat back down, but what I'm wondering is that when we're looking at land planning and development within the municipalities, if we're seeing about 7,000 decisions-making, is that impacting – is that more around surface lease access for farmers and ranchers, or is that starting to look at municipal planning access? Are there themes within those 7,000 outside of just the annexation and subdivision?

**Mrs. McRory:** As I say, the big, big numbers come from the surface rights side. We had 6,100 applications under section 36 this last year. This, of course, is for rental recovery when oil companies do not pay annual rent. So we've had 6,100 applications this year.

Surface rights also deals with five-year reviews. There's been a substantial increase in the number of five-year reviews, and this is a review that can be brought by the oil company. It also can be brought by the farmer. We are up to – and I'll not be precise – about 480, I think, this year compared to a much smaller number last year. The number of reviews. We also have reviews. We're almost like an appeal of ourselves, and the appeals in the last years have been 26, 27, something like that. This year I think it's 148. So there is a big increase in the volume.

What I would suggest on the other side – this would be the MGB side of the fence. Although the numbers don't look much different, the complexity of the appeals has gone up. That's measured in the amount of money that is under consideration and the number of parties that are involved. Again, it's difficult because of the various different kinds of appeals, but I think that if you wanted a broad statement, you can see on the MGB side that complexity has gone up; on the SRB side volume has gone up dramatically.

**Ms Sweet:** Thank you.

There was a partnership, Minister, between AM, RMA, and government of Alberta around the Municipal Climate Change Action Centre projects. Some of that had to do with supporting Calgary with their flood mitigation plan. Some of that was the North Saskatchewan River. It was funded under the climate resiliency plan, which is Environment and Parks. However, given the fact that it was a partnership between AM, RMA, and the government, were you a part of the process at all in the decision-making around whether or not that funding would continue?

**Mr. McIver:** No. That's the ministry of environment.

**Ms Sweet:** Given the fact, though, that the intention of the project was greenhouse emissions, supporting municipalities, and looking at that flood mitigation and emergency planning, why would part of that not fall under your ministry?

**Mr. McIver:** Because, I suppose, it's got to be somebody's job, and we're organized. There are lots of ministries that go across government. Everything goes through Justice. Everything goes through, you know, Finance. Everything happens in a municipality, but in order to get things done, it's generally considered good practice to have it be somebody's job, and in this case you keep asking about things that are a different ministry or a different minister's job, and they're doing it. I suppose your criticism is that you don't like the way government is organized, and I guess that's fair enough, too, but I'm not sure that's a budget question, per se.

**Ms Sweet:** I think I was going to try to get to emergency preparedness, Minister.

**The Chair:** Sorry to interrupt, but that ends the first portion of the questions for the Official Opposition.

We'll now move on to an independent member. I see Mr. Loewen has joined us for a 20-minute block. Would you like to go back and forth with the minister?

**Mr. Loewen:** Yes, please.

**The Chair:** You're okay with that, Minister?

**Mr. McIver:** Absolutely.

**The Chair:** Thank you, sir.  
Go ahead.

**Mr. Loewen:** Thank you very much. Thank you very much, Minister, for being here today and your staff. I appreciate your attendance here, and I appreciate the opportunity to ask some questions and get some answers, too. I'll just start right in on page 91 of the ministry business plans. There are two line items I'd like more information on, both referring to the Alberta Emergency Management Agency. There are line items under both capital investment and expenses. Could you give me just kind of a bit of an idea what things would be included under expenses for the Alberta Emergency Management Agency?

**Mr. McIver:** Stephen, do you want to go?

**Mr. Lacroix:** Yes. Thank you, sir. Mr. Chair, in terms of expenditures for the agency we have – I guess I could depict it as various buckets. The larger bucket of where we would incur expenses is the disaster recovery program. It's a bit of a lagging process, I must admit. The disaster happened in year X. We do an assessment in collaboration with the municipality that was affected

by that disaster. We come to a best possible assessment with the information available. We table that before Treasury Board for expenditure authority. Treasury Board says yea or nay, and then we proceed, and then those expenses lag over time, again talking to what the minister mentioned in terms of our ability and the municipality's ability to spend the money that we make available to them.

**Mr. Loewen:** So would things like floods, you know . . .

**Mr. Lacroix:** Yeah. Floods, fires, hailstorms. Always focused on uninsurable losses.

**Mr. Loewen:** Yeah. Okay. That's great. I appreciate that.

Then capital investment with the Alberta Emergency Management Agency.

**Mr. McIver:** AFRRCS.

**Mr. Lacroix:** Yeah. Exactly. The big one there would be the Alberta first responder radio communications system. This radio system is in existence in Alberta, second to none in North America, I would say, in my experience, and over 300 sites across the province. I'll give you the exact numbers: 335 sites; 164 agencies plug into this system; 38,900 radio systems; \$270 million in insurable assets. It is directly linked to our preparedness mandate. What that does is that it provides 95 per cent coverage of this province on all primary, secondary road networks and also 95 per cent of coverage in a mobile system available in 109 communities in Alberta.

**Mr. Loewen:** Okay. Thank you very much. That's great.

I want to move to page 88 of the business plan. It starts off saying, "Municipal Affairs leads the coordination, collaboration, and cooperation of all organizations involved in the prevention, preparedness, response to, and recovery from disasters and emergencies in the province." Then it goes on to say, "providing strategic policy advice and leadership to emergency management partners."

When I look at that, you know, we're just kind of coming off an emergency with the pandemic. I'm just wondering. With COVID and the pandemic it seems like maybe the government took a different route or maybe didn't include the Alberta Emergency Management Agency and Municipal Affairs like it was maybe indicated to be. Of course, we had the PIC Committee, we had the COVID cabinet committee, we had AHS involved, the chief medical officer of health. I'm just wondering: going forward, is this still relevant anymore, or have we changed directions in government and how we handle emergencies?

**8:20**

**Mr. McIver:** No. I think that if you're talking disaster-type emergencies, that's clearly Municipal Affairs. If you're talking about COVID, that's primarily a Health issue.

**Mr. Loewen:** Okay. So . . .

**Mr. McIver:** If there's a fire or a flood or something, then it would come through Municipal Affairs, the Alberta Emergency Management Agency.

**Mr. Loewen:** Okay. So the emergency management is, I guess, depending on the emergency. Any other emergencies that you could see that wouldn't be taken into account with this department and this portion of the budget?

**Mr. Lacroix:** Do you want me to take that?



**Mr. McIver:** Yeah.

**Mr. Lacroix:** I can take a stab at it, sir. I would maybe go into the types of emergencies that would fall strictly under law enforcement or maybe a security situation requiring the involvement of the Canadian Armed Forces, for example, right? Although, there is some connectivity between our ministry and those agencies, but it's difficult for us to kind of extrapolate as to what the future could look like and where we would see, or not, the Alberta Emergency Management Agency. Although, we are prepared for pretty much everything that Mother Nature can throw at us, mostly, including in our province and neighbouring provinces as well, as kind of leading the way in terms of our resiliency, our capabilities, and our know-how, unfortunately, having six of the 10 largest disasters in our country in the past decade.

B.C. is going to give us a bit of a run for our money with last summer and last fall, and we always use a bit of a feedback loop and learn from one another. We learn from ourselves; we've had some pretty traumatic events in our province. We're looking now as to what British Columbia lived through, connected with them, connected with the entire emergency management apparatus across the country and comparing lessons learned, including COVID, by the way.

**Mr. Loewen:** Okay. Is there nothing that AEMA has or does that could have been useful in the situation that we were in the last two years?

**Mr. McIver:** We were involved in just helping to accumulate and distribute personal protective equipment. We worked with the community tables in Calgary and Edmonton, where there were cultural or ethnic groups that we were having a hard time reaching to get the message out about getting vaccinated. We worked with the locally organized ethnic and cultural groups, through them, to reach out to their members to make sure that they learned about how important it was to get vaccinated and, you know, wear a mask and the other things that were recommended by the chief medical officer of health. Those communications, a lot of that, part of that, went through us. To be clear, we reached out into the community to people that were best connected into those ethnic and cultural groups, because they spoke the language and knew each other from their connections, and worked with them and helped them get the message out, and in some cases had pretty darn good success. I think that there was an area of northeast Calgary that went from the lowest vaccination rate in the city if not the province to the highest vaccination rate in the province through this process. There's an example, I guess.

**Mr. Loewen:** Okay. So there was, I guess, some benefit to the emergency pandemic that we just finished the last two years of, that AEMA did contribute and help.

**Mr. McIver:** Yeah. Is there anything else that I missed?

**Mr. Lacroix:** What I'd say is that the agency is structured to be resilient, structured to be responsive, and it's got its tentacles in all the emergency management directors, deputy directors of all the municipalities in this province. So it's really, really good at pushing out information really quickly, and it's also really good at collecting information and needs in terms of emergency management requirements from municipalities. It also has that same connectivity with the federal government and neighbouring jurisdictions, so provinces. So, yes, the agency was brought to bear on a number of issues. I think the key one, which I'm very proud of, is the creation of the Personal Protective Equipment Task Force in April 2020, that

managed to deliver a hundred million pieces of protective equipment to Albertans in need, focused on the nonhealth sector.

Now, while we will diminish, I guess, the deliverables from that task force, it will remain ready with a stockpile of 60 days, of our analysis of what could be consumed in 60 days in the nonhealth sectors across Alberta. That's contracted services. It is continuing care, supportive living, home care, first responders, the government of Alberta itself. We have 60 days at the ready to respond to whatever, again, Mother Nature or in this case a health or a pandemic-type of emergency, at the ready going forward, to the cost of \$1.2 million if we go back to the budget line item.

**Mr. Loewen:** Yeah. Okay. Thank you.

Going back to page 88 again, one of the responsibilities or duties or the supports you provide is maintaining Alberta emergency alert. I did have somebody contact my office asking about the plan to switch to the federal emergency system. Now, is there money for Alberta's current emergency alert system included in these line items in the budget and forecasted numbers for 2021-2022?

**Mr. Lacroix:** Thank you, sir. Mr. Chair, there is \$1.91 million assigned to maintaining the Alberta emergency alert system. The member is not incorrect, when he is relating a conversation, that there is more than a desire. We are migrating our system eventually to the national alerting system, which is more modern and free, by the way. Free is always good. We will not let go of what we have until we have assurances from the federal government that the system that they will offer us answers our needs. There's also another little tidbit attached to this alerting system, which is the alert app, or the application. This we will retain as the federal government hasn't figured out a way to do that or hasn't assigned the necessary monies to do so.

To recapitulate, the reason why this is getting a fair amount of heat and light right now is because the evacuation of Abbotsford during the floods last fall was signalled by an American system across the border, not the British Columbia government or its emergency management agency triggering an alert to evacuate Abbotsford, albeit Alberta is ready; we've made use of that system many times over the past years, learning from our own lessons. It doesn't satisfy every single Albertan a hundred per cent of the time because it does go off in the middle of class or at night, but my focus is the security, safety, and resiliency of the entire apparatus. We're keeping our system. We're still investing until the federal government gives us something better.

**Mr. Loewen:** Will you be expecting to see a \$1.9 million benefit to going to the federal system?

**Mr. Lacroix:** No. The \$1.9 million is for our own expenditures, so that app I was talking about, and then maintaining our own contracted solution through a company called Pelmorex, who runs the Weather Network, for example. The federal government is having a discussion, a conversation, on this. The minister will participate in such a conversation, actually, on the 17th of March with his federal counterpart. Where the federal government takes us on this one, I think, in all honesty, is a better solution for less money. Again, I'm not going to risk the lives of Albertans until I have certain assurances that the federal system works.

**Mr. Loewen:** Okay. How long do you expect that might take?

**Mr. Lacroix:** Well, the CRTC is ruling on a renewed licence for Pelmorex to go forward on the 23rd of August, 2022. I would say that we'll have an answer sometime in late summer as to which way this is going.

Without predicting the future, again, I will take you back to my comment about the British Columbia experience. All jurisdictions in Canada see this as a federal responsibility and a bit of a no-fail task for the Minister of Emergency Preparedness.

8:30

**Mr. Loewen:** How many other provinces are involved with the federal program right now?

**Mr. Lacroix:** All but Alberta.

**Mr. Loewen:** Is that right? Alberta is the last one?

**Mr. Lacroix:** Correct.

**Mr. Loewen:** Do you see any issues with joining in with the federal government on something like this? Obviously, right now we have, you know, one that's provided by Albertans, and now we're going to a federal system. Is that going to be as smooth as what we have now? I mean, obviously, there is some hesitancy, I'm hearing, but I'm wondering where we're going to end up on this in the end. Is there any kind of feeling on where we're going?

**Mr. Lacroix:** Yeah. My aim, sir, Mr. Chair, is to be able to deliver something that will be entirely transparent to the end user, so the branding, the interface will be exactly the same. There might be a bit of training required by specialized folks that manage these types of things in municipalities and police forces, for example, but we have no indication that the federal government would stick its neck out and provide us with a substandard solution when life and limb are involved.

**Mr. Loewen:** Okay. I'm going to kind of change gears here a bit. With the changes to photoradar policy, 23 municipalities that relied on photoradar as a revenue source have seen a reduction in their revenue. Is there anything in this budget to address their shortfalls?

**Mr. McIver:** That's a Transportation question, sir.

**Mr. Loewen:** Okay. Is there any part of the Municipal Affairs budget that relies on revenue from photoradar?

**Mr. McIver:** No.

**Mr. Loewen:** No? Okay.

Moving on to page 91, talking about MSI under Expense, the municipal sustainability initiative and the local government fiscal framework line items, it appears that the MSI program is being phased out and replaced with the local government fiscal framework. Is that correct?

**Mr. McIver:** That's the plan. It is scheduled to happen in the '24-25 fiscal budget.

**Mr. Loewen:** How will it be managed differently? Obviously, there's a difference in the amount of money being put in.

**Mr. McIver:** I would say to you that that question has not been answered yet. We have been encouraging municipalities for some time to talk with each other. I was, interestingly enough, a municipal councillor when the MSI came in, and the government of that day – if you don't mind, I think this is a long story, but it's pertinent to your question – did something that I thought was really clever on their behalf. They said to the municipalities, "Here is a stack of cash, and you can have it just as soon as you all agree on how to split it up," and they left the room. So guess what. What you would expect would happen: the big city said that it should be based

on population, and the most dispersed rural said that it should be based on kilometres of road or square kilometres. Neither one of those dogs was going to hunt, so then a real conversation took place, and an agreement was made.

I have said to municipalities many times – and I feel good about that – that if you make me make the decision, I will, but I'd rather have you folks agree on what the decision is on how the funding of the LGFF gets split up, because you're bound to like it more if you have your hands on it than you will if I do my best to make you happy. So I guess the short answer – and I'll finish where I started – is that that answer has not developed yet.

**Mr. Loewen:** Okay. When I look at the MSI funds, I think \$515 million, I don't see any changes from the previous year's to this year. I think it was actually the \$485 million municipal sustainability initiative. There's nothing in the formula to account for inflation, is there?

**Mr. McIver:** No.

**Mr. Loewen:** No. Okay. So I guess municipalities can expect to do less with the money that they're getting.

**Mr. McIver:** Or negotiate a better price or something. They do the best they can with the funding that's available. I mean, what you say is a possibility. Another possibility is that they get a better price. Another possibility is to do different things. I mean, yeah, you just described a possible scenario.

**Mr. Loewen:** Yeah. I guess that with inflation, though, it's probably a likely scenario that they will be able to do less. I mean, you can only negotiate so much. I'm sure they're doing their best to negotiate as it is right now.

**Mr. McIver:** Those are your words, and I'm not arguing with them, but I'm just saying – you know what? Municipalities are great. They have a tough job to do, they have hard decisions to make, and as part of that, they often make good decisions and often need to be tough negotiators, and they do the best they can.

The other thing about it, too, is that we provided some flexibility in that we let them bank it, if you will, and we save it for them for up to five years. If there's a project they want to spend it on that one or two years of MSI won't be enough to build, then we actually work with them to extend their time frame.

**Mr. Loewen:** Okay. Now, the city of Calgary is suggesting that the province is taking a larger cut of the property tax bill while providing a disproportionately smaller share of items that the province previously contributed towards the city. Do you have any comments on that? You know, what is the city contribution to provincial coffers, and what are they getting back?

**Mr. McIver:** Well, there is no share. Each municipality sets the mill rate and collects a certain amount of taxes, and the province has very little to do with that. The province, on the other hand, sets an amount of the education property tax while the municipalities have to collect them both. They're very separate issues even though they get collected at the same time on the same invoice.

**The Chair:** Thank you very much, members. That concludes the first portion of questions from independent members. We're going to take that quick five-minute health break here, but I'd just like to assure everybody that this will be the fastest five minutes you experience today.

[The committee adjourned from 8:37 p.m. to 8:42 p.m.]

**The Chair:** Okay. Thank you, members. If you could all, please, take your seats.

We will now move to the government caucus for 20 minutes of questions from the members. Would you like to combine your time with the minister if the minister is amicable to that?

**Mr. McIver:** Absolutely.

**The Chair:** Back and forth, Minister? You're okay with that?

**Mr. McIver:** I am amenable, sir.

**The Chair:** Awesome. Thank you very much, sir.  
Go ahead.

**Mr. Guthrie:** Well, thank you for that. Good evening, Minister and to your team as well. Thanks for being here this evening. I very much appreciate it. I'll just get us started here on the municipal sustainability initiative, and then I'll kick it over to MLA Turton here after. On page 87 of the business plan it describes MSI as "the province's primary capital grant program for municipalities," and then on page 174 of the estimates it explains how this initiative "supports municipalities with long-term sustainable funding to manage growth pressures and key local infrastructure needs." In your introduction there you had mentioned the \$1.7 billion over three years. However, it's been previously announced that the program will end in 2024. On page 178 for this upcoming fiscal year it's including \$485 million for MSI. I guess, first off, could you just explain or describe what type of programs fall under MSI? What kind of supports does MSI provide?

**Mr. McIver:** Okay. Well, thanks, Chair. I would say to the hon. member that that's kind of – and I'm not being evasive; this is a straight answer – mostly up to the municipality. What I mean by that is that in the MSI capital funding municipalities have a wide range of discretion on what capital projects they use it for. I'm not sure; I don't think it's unlimited discretion, but it's a wide range of discretion. I would say that in almost every case they can find something they want to build that they can apply the MSI to. If there's something they want to build that the MSI can't be used for, they use their other capital funding for that, from their local taxes, generally speaking. There are probably examples where somebody couldn't build something because we wouldn't let them use MSI for that, but I can't think of one. It's very flexible: that is what I'm saying. It's largely up to the municipality.

**Mr. Guthrie:** Virtually any capital project?

**Mr. McIver:** Anything – I know "reasonable" is a funny word – that we consider reasonable, okay?

**Mr. Guthrie:** Okay.

**Mr. McIver:** Roads, sidewalks, sewers, arenas, sewer treatment, parks, all kinds of municipality-like stuff, right?

**Mr. Guthrie:** With this program ending, how will this impact municipalities and the projects, you know, that they've already committed to and committed to supporting?

**Mr. McIver:** Yeah. Okay. Municipalities have asked for long-term, sustainable, predictable funding. They were asking for it when I was on council. We're trying to finally get around to it in '24-25 with the local government fiscal framework. It will potentially be quite a bit like the MSI, but what I think is going to be different is that municipalities – I hope they're going to get together and agree on a

different formula for cutting up the money, with who gets how much, which is a little hard when you've got about 330 municipalities, but it was done back when MSI came in.

One of the big features that I think municipalities asked for is there's an annual escalator clause, where the amount of funding will go up or down based upon whether the provincial revenue went up or down in the – I think it's two years before or three years before. You get the idea, okay? That's kind of what, hopefully, makes it sustainable and predictable. As you might imagine, when they're building all these things – and sometimes a road project even can take two or three years, or a bridge project in particular could take two or three years, so having an idea how much money is coming in allows the municipalities to plan ahead. We even save up the MSI, and I imagine we'll do the same for the LGFF. We'd save it up for five years. In a couple of cases they've asked us to save it longer, so they can actually plan three years or four years of their LGFF or MSI in advance to plan for a road, a bridge, a park, whatever it is that they choose that they want to build with it.

**Mr. Guthrie:** Yeah. Well, that's great. Thank you for that. I'd been hearing the same sort of feedback in Airdrie and Cochrane. I appreciate the feedback.

I'm going to kick it over here to MLA Turton.

**Mr. Turton:** Yes. Thank you very much, and thank you very much, Minister, for coming here today along with the rest of your staff to answer these questions. I do have to say that, you know, from many of the conversations I've had with municipal leaders all over the capital region especially, I just wanted to say thank you for your leadership and your work in the role.

I guess I want to ask one quick question and turn it over to my colleague for a supplemental, and then I'll come back and ask a couple of more questions. It really has to deal with the LGFF. As you mentioned, it will be replacing the MSI initiative in 2024. However, according to the budget of 2022, the capital plan on page 4, it won't be until 2024 when \$722 million will be allocated towards this program. Meanwhile the ministry will only give \$485 million towards initiatives supported by both of these programs. I guess my question is: can you elaborate on why less money is being allocated towards these initiatives for the next two fiscal years?

**Mr. McIver:** Okay. Well, that is true, but it's not. Let me explain that. You deserve an explanation after how I started that answer. The fact is that we told them last year that they were getting \$722 million for the next three years: this year, next year, and the first year of LGFF. Then we said, "That's true; we're not changing that," but – here's the but – we said that we're going to front-load a bunch of it because you're in COVID, you need to put people to work, the market is depressed right now, so you can probably get a better deal on a lot of the work you can get, and you've got citizens that need jobs. Even though the official funding for this year is \$722 million and next year is \$722 million, the difference between the \$485 million and the \$722 million we gave them last year as an advance – they didn't have to spend it last year. They could spend it last year, this year, or next year, but we put it in their hands to put them in control of their own capital program, okay?

While it says \$485 million – I agree with you – I'm telling you that it's \$722 million because we front-end loaded the difference last year. Then next year's budget says \$485 million. The difference between that and \$722 million: we front-end loaded and gave them that last year as well. Even though it says \$485 million, I'm telling you that it's \$722 million, okay? I think that's an honest answer under the circumstances.

**Mr. Turton:** No. Absolutely. I appreciate the clarification, Minister. I know it was a little bit more nuanced in there, so I'm thankful that you took the time to answer that.

I'll turn it over to my colleague MLA Sigurdson as a supplemental, and then I'll take it back for a couple of last questions.

**Mr. Sigurdson:** Thank you, MLA Turton, and thank you, Minister, to you and your staff for being here tonight and answering these important questions. I'm going to drive a little bit more specific here under outcome 2, objective 2.3. It specifically states, "Provide capital grants to support sustainable investment in municipal infrastructure . . . and work with municipal partners to develop details of the Local Government Fiscal Framework." I guess, as you've just explained, this year there is a reduction down to that \$485 million, of course. Last year's high: \$1.196 billion.

8:50

You know, I keep hearing this over and over again, and I think we need to clarify this because there are some individuals that continue to try to say that these numbers are a reflection of our government's commitment to municipalities. I think we need to clarify what is going on here. I know we're seeing a bit of a better fiscal year this year, but, you know, my dad always said: don't count your chickens before they hatch. I do want to talk about that, and I generally have two questions, because you kind of brought something to my attention, and I want to make sure that this is clear.

Moving forward with the LGFF, you mentioned that they can carry over this investment and carry it up to five years. You see where I'm driving here. We've got a major water infrastructure program that needs to be done in Okotoks, and what you're telling me is that they can build that over a few years to be able to pay for that without having to look at finance options. Like, that would be my first question: will that continue to be an option when we go into the LGFF?

Then I guess a little bit of an explanation. When you sat down and you were looking at this – and we understand the importance of balancing the budget, not carrying over this debt, you know, maintaining our GDP to debt, not increasing over 30 per cent – how important was that as a government promise? Can you explain how you arrived at the \$485 million for this year and provide that context to your commitment to the overall municipal capital funding?

**Mr. McIver:** I would say that it ends up – if you look at the broader promises that we made to the public when we became government here two and a half years ago, almost three now, we said that we would recalibrate Alberta spending to be more in line with other provinces in Canada and that we would work towards balancing the budget while still providing, you know, long-term, sustainable, predictable funding for municipalities. This kind of hits all those sweet spots.

Now, to be clear, it's a 25 per cent haircut, okay? Like, I'm not denying it. It's a 25 per cent haircut from what municipalities traditionally got. We haven't hidden from that. But I would say to you that in terms of counting your chickens before they hatch, it says \$485 million in the budget. I say that it's \$722 million. Those chickens hatched last year because we gave them the money last year. The next year's budget will say \$485 million, too, but it's really \$722 million because those chickens also hatched last year. We actually put the money in the municipalities' bank accounts last year if they wanted it, okay? So it's not like they're hoping to get the rest of it. They got the rest of it last year.

While it is a 25 per cent haircut, municipalities so far haven't seen a net negative. That's because we also spent in COVID capital investment another \$500 million, put it in the hands of municipalities

to help them build infrastructure. While that haircut is real, that haircut, at least for this year and next year, will be completely mitigated by the other \$500 million that we forwarded municipalities on top of all that last year to help them build infrastructure and keep people employed and keep their economy from being flat on its back during COVID when so many, many things were suffering.

**Mr. Sigurdson:** Thank you, Minister, for that clarification, to be able to talk about that. I know I spoke with my municipal councillors last year about what we were doing. I think that allocation of money last year at a critical time created jobs and got shovel-ready projects moving forward. Thank you for that clarification.

I'll concede the rest of my time over to MLA Turton.

**Mr. Turton:** Yes. Thank you very much, and thank you again very much, Minister, for answering these questions. I will admit that with some of your stories and analogies, Minister, I was wondering if I should almost do a point of order just with your references to haircuts. I haven't had to take one of those for many years, but I understood exactly the references you were taking about that.

I guess a couple of questions, specifically on page 87, about the MSI initiative. As everyone in this room should know, it was created in 2007, and it was supposed to last for approximately about 10 years. Now, I know as a former muni guy, who served three terms on Spruce Grove city council from 2010 to 2017, that long-term, predictable, and sustainable funding was something that municipalities have been asking for for that entire time, including my time as a city councillor. I just find it interesting that the opposition, while they talk about the same thing, were not heeding our calls as municipal councillors while we were begging their government to do it when they had the chance to make a difference. But I digress. I guess my question and my comment, Minister, is that I really do find it encouraging that you're, you know, finally taking action to turn this funding into a reality, to give that predictability for municipalities that they've been asking for for well over a decade. So I guess my question is: can you please describe your plan to work with municipalities to develop details of the local government fiscal framework?

**Mr. McIver:** Well, it's going to be to start off, as we've said, \$722 million in '24-25 plus the escalator clause based on the change in provincial revenues, up or down. That we've said.

In terms of what the formula is going to look like, I'm hoping I don't decide that. I'm hoping – and I've said this to municipalities – that they get together and fight it out and argue it out and reason it out and figure it out to come up with a formula that's fair for all or most of them. I've said: if you folks leave it up to me, I'll do my best, but I think if I was you, I'd want my voice at the table. So the answer to your question remains to be written. I hope municipalities can find a way individually and with their neighbours and through AM and through RMA to hash it out and come up with a formula that's as fair as it can be at least for all of them. It would be nice for, you know, our government to say yes to them, but if they're in a big fight over who gets more money, then I guess we'll have to referee it, but I don't relish – if it's my job, I'll do my job because that's my job, but I think the wiser course is to convince municipalities to hash it out and come up with some kind of an agreement they can live with.

**Mr. Turton:** Okay. I guess just a quick supplemental on that is that it talks about the transition between the two programs. I know many municipal councillors have contacted me just about their concern. Obviously, any time you have change, there's a little bit of unease. I'm just wondering if you can explain a little bit about the transition between the MSI initiative and the local government fiscal framework, how that will work, and what type of consultation you've done with communities just to bridge that transition.

**Mr. McIver:** We've done some consultation. We'll keep doing it. I'll talk to municipalities whenever they want to about this stuff, but every time I do, I say: "I'm happy to talk to you about it, but I really want you to talk to your neighbours and your fellow municipalities and do your best to keep me out of the decision-making tree on this. If you don't, I will have to do it." But, again, it's their money to use. I mean, there's no such thing as government money; it's all taxpayers' money, but within the realm of who gets the privilege of investing it on behalf of their citizens, it's going to be theirs to invest and better if they can find a way to agree on how to split it up for that investment. But if they don't, somebody will have to referee it. It won't be a good day in my life if I have to do that, but if it's my job, I'll do my job.

**Mr. Turton:** Okay. My last question is on something I know you're very passionate about, Minister. You've talked about it a great deal, and that's the deal with library services. You know, I mentioned it a couple of times before. I had the privilege of serving as a library trustee in Spruce Grove for many years, and I know that libraries are amazing hubs in our respective communities. I know my son has asked me many times about why libraries are typically the tallest building in a municipality, and I said: it's because they have so many stories. But other than that, I know on budget 2.4 . . .

**Mr. McIver:** And you were complaining about the haircut.

**Mr. Turton:** Oh, yeah. I was trying. I'm an experienced dad, right?

But, I mean, my question actually has to do with library funding, because I know there was a lot of concern about long-term funding for libraries. I know that budget line 2.4, on page 177 of the government estimates, includes a \$36.9 million in operating expenses for library services. My question is, Minister, that I was wondering if you can explain how COVID-19 affected library services across our province.

**Mr. McIver:** Well, I will try. Go to your local library; they'll explain it twice as well as I will right now. Nonetheless, libraries had a tough go a lot of times because of the physical distancing and the masking rules and the limits to a number of people in a room and all the other COVID rules. A lot of them had to severely change the way they operated in order to still provide those services. Good thing for all of us is that people that run libraries are really smart and really creative, and they did a lot more online. They did a lot more: order your books, and then we'll put them in a package; you can pick them up on the front there. I think there probably might even be a different answer for every library, but they all did what they could within their local municipality, with their local citizens to make it work, and I thought they were amazing.

**9:00**

Along the way they tried to do those things outside of the entertainment and the studying things. They tried to provide the other services through the library services, provide job upskill training, allow the citizens to learn new things so they could get another job or get a promotion or whatever it happens to be. They were amazingly creative and varied in how they did it, and they just made it happen. My hat is really off to the different people in the different libraries in Alberta. They made it with very little credit to me, maybe none, and that's okay. It happened great, and the people who work in libraries made it. Our staff deserves credit, but I had very little to do with the amazing success that libraries had.

**Mr. Turton:** Well, you know, libraries just truly are incredible places. I mean, for many residents that don't know where to go, the

library is typically the first place that they do go. They not only are just repositories of books; they're community hubs, they're places for economic diversification and stimulus, and job fairs are there. The fact, Minister, that you are willing to keep the funding as it was, obviously, I know will be much appreciated by many residents across the entire province.

At that point, I'd like just to turn it over to MLA Guthrie to ask. I cede the rest of my time. Thank you.

**Mr. Guthrie:** Yeah. Thank you. You've left me with 30 seconds here.

**Mr. McIver:** It's 22 now.

**Mr. Guthrie:** I appreciate it. Okay. Well, what I'll do is that I'll give you the question and a little heads-up to it, and then we'll face off with it next time. The unpaid oil and gas taxes: that's going to be the subject matter. We have had many discussions about this over the course of the last few years, so I'm going to be kind of interested to find out from you where we are with that.

**The Chair:** Sorry to interrupt. Thank you. That concludes the government members' first block of questions. Despite the couple of corny jokes, I really appreciate the fact that Mr. Turton didn't mention rabbits once this year.

We will now move to five minutes of questions from the Official Opposition, followed by five minutes of response from the minister. As mentioned, members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time. Please remember that discussion should flow through the chair at all times regardless of whether or not your speaking time is combined. Members of the opposition, would you like to go back and forth?

**Member Ceci:** That's fine.

**The Chair:** Minister, are you in agreement?

**Mr. McIver:** I'll accommodate the hon. member.

**The Chair:** Go ahead. You have 10 minutes.

**Member Ceci:** Thank you. On page 178 of estimates 9.4 talks about recovery operations. I'm just wondering, if we're seeing the 2020-21, '21-22 actual and forecast going up, why '22-23 shows a lower amount of \$800,000 than the forecast.

**Mr. McIver:** You said recovery operations?

**Member Ceci:** Yes.

**Mr. McIver:** Okay. Stephen?

**Mr. Lacroix:** Thank you, sir. Mr. Chair, as I alluded to in one of my previous answers, there's a bit of a lag between a disaster happening, us determining in collaboration with the municipality the extent of that disaster, the costing of that disaster, and then petitioning Treasury Board through the minister for that funding. What I would say is that 2020, for example, was not an inordinately high year, but it was high enough. In 2021, last summer, we were very lucky, especially if we compare to our neighbours over the Rockies. The expenditures for that year were rather low.

The forecast of what we will spend for this budget that we're talking about now amounts to \$31.8 million, off the top of my head, which has actually about \$5 million of what happened this past summer, that lag I was talking about, and the rest is a combination

of the accumulation of previous disasters in earlier fiscal years. Thus, the 2020 floods, for example, are represented in that number.

**Member Ceci:** On page 181, Mr. Lacroix or anybody, it talks about the consumption of inventory. I'm just not sure why there's a nil amount there. Is that something that we only find out after the fiscal year-end?

**Mr. Lacroix:** Yeah. Thank you, sir. Mr. Chair, also something I touched on briefly that I will clarify. The PPE Task Force, the Personal Protective Equipment Task Force, was created in April of 2020. It bought a bunch of stuff, and it is expending most of that equipment. It also received some of it from donations from business owners. The forecast for the upcoming year is that the task force will collapse in terms of providing free-of-charge personal protective equipment to the non health care sector clients that I discussed earlier on and will sit on an inventory of 60 days of each of those items and cycle them through as they expire, building on some efficiencies in collaboration with the Alberta Health Services agency, and that cost is \$1.2 million to maintain the task force. But in terms of acquiring new PPE equipment for the purpose of distributing it to Albertans, we should, heaven forbid, be out of that business.

**Member Ceci:** Okay. So you're not acquiring any, and that's why there's no number there?

**Mr. Lacroix:** Correct.

**Member Ceci:** Okay. On page 182, Safety Codes Council, there's no number there for voted supply, but there is for entities' amounts not voted. I'm just not sure why it's not voted and not in voted supply for the Safety Codes Council.

**Mr. Balderston:** Mr. Chair, the reason why there is no voted amount is that the Safety Codes Council is a statutory vote, so nothing is for voting. Everything is in the nonvoted. It's just the way the entity is set up. The Safety Codes Council is a nonvoted entity, so their pure activities – the \$15 million that you see is the total amount of expenditures for them.

**Member Ceci:** Okay. With regard to the POC, of course, very active during the pandemic, were there learnings in 2020-21, '21-22 that have been built into this budget line item, line items that have been built into this budget expenditure, I guess?

**Mr. Lacroix:** Thank you, sir. Mr. Chair, while I would probably say that we have an institutionalized feedback loop built into the operations of the POC, or the Provincial Operations Centre, and that we learn all the time from our own doings, other ministries, and, as I alluded to earlier, other provinces and territories, there are none really that translate in additional cost or budget line items this year.

That said, you will recall that the POC, or the operations centre, was scheduled to move into a new build under your government. That policy decision was made to retrofit an existing building, the Muriel Stanley Venne building, to the tune of \$3 million. We've occupied that building now during the course of late summer, early fall. We moved into that new facility, which is about less than five minutes from the old one, but it is not what I would call a full operational capability yet as there are a few information technology kind of issues that need to be worked.

If there's anything I've learned, though, in my lengthy military career before I transitioned to the Alberta government, it's that I will not relinquish the old Provincial Operations Centre until I'm a hundred per cent certain that the new one will sustain a major

disaster or, again, you know, concurrent natural disasters. We'll not risk that and put that on the backs of Albertans. We should be, I would say, probably ready to go sometime this month at full operational capability, fully poised to respond, truly hoping that we don't really have to use it all that much but prepared nonetheless.

**Member Ceci:** Great. So what is that? About seven, eight months since the summer, when you started occupying it?

**Mr. Lacroix:** Exactly, sir. And then there's a mix of: sprinkle some COVID in there, some wheeling and dealing with Alberta Infrastructure, supply chains being affected actually in terms of some of the IT equipment that we were supposed to receive at whatever time, and the project manager, Infrastructure in this case, being late to need through no fault of their own. But we are where we are.

9:10

**Member Ceci:** Good. Thank you.

**Mr. Lacroix:** Yeah. No problem.

**Ms Sweet:** Thank you. Through you, Mr. Chair, I wonder if we could please just keep focusing on a little bit – outcome 4 is “Alberta is emergency-ready and resilient to the impacts of disasters.” One of those, 4.2 of outcome 4, is “lead the implementation of a provincial hazard identification and risk assessment framework to help inform disaster risk reduction decision-making.” Now, we know that last year we were very fortunate in the fact that it was so dry. We had a massive drought across most of the province, yet we didn't have what I would classify as major forest fires. However, we are seeing already that moisture levels are quite low. Even though we've had a lot of snow, it's not necessarily giving the results depending on what area in the province you're talking about.

I'm just wondering. I mean, we've seen the MNP reports for response to a disaster and “What could we learn from that?” and all those kinds of things. Currently what are you working on, knowing that we are probably, seeing what's happened in B.C. and the fact of what our current climate is in Alberta, potentially due for a disaster? What kind of programming or decisions are being made right now to try to mitigate that risk as much as possible?

**Mr. Lacroix:** I'll go again. Thank you for that question, Mr. Chair. Well, as part of that learning mechanism and also subject to an Auditor General report, the agency or, I guess, the ministry, but the agency in this respect, was charged with the development of the hazard identification and risk assessment. We like to call it the HIRA. So the HIRA was developed, and it is essentially a process, a tool by which we've developed a standardized method to identify and assess disaster risk. It is nested in the Treasury Board risk management architecture. Our piece of that pie, if you will, is focused on disaster risk identification. There are a number of fingers in that proverbial pie, so . . .

**The Chair:** Sorry for the interruption.

We'll now move to a 10-minute segment if you're wishing to go back and forth with the minister.

**Mr. Barnes:** Minister, is it okay to go back and forth, please?

**Mr. McIver:** At your service.

**The Chair:** You have 10 minutes, Mr. Barnes. Go ahead.

**Mr. Barnes:** Okay. Thank you. Yeah. Drew Barnes, MLA, Cypress-Medicine Hat. Thank you, Minister, and thanks to your

team for all the work you do for us in Alberta. It's appreciated. I, too, want to start on the Alberta Emergency Management Agency. I'm on page 91, and I'm just wanting to – a couple of questions around it. I want to give Albertans the true picture of the budget.

Of course, the 2020-21 actual was \$309 million. The forecast this year is \$179 million, and now we're estimating \$102 million for each of the next three years. I'm wondering why we're so confident that, you know – obviously, the average between '20-21 and '21-22 is more like \$250 million, and we're less than half. That's surprising, especially three years in a row. Is that giving Albertans the true picture?

Secondly, you know, there are a lot of hard-working individual emergency management people in all of our municipalities. I'm kind of curious and hoping to hear what collaboration, what support, what you guys do with, you know, all of the people around the province with the same needs.

Thank you.

**Mr. Balderston:** Mr. Chair, I can take the first question. The reason why in 2020-21 it's \$308 million and then for the current year and the years going out it's \$102 million – the biggest reason is the disaster recovery program. In '20-21 there was \$195 million of disaster recovery program expenditures in there, so that's the one piece of it. We had some consumption of PPE inventory, and the other small change was a \$23 million increase in 911 call centres. But, really, to answer your question, the \$308 million had a lot of disasters in it. We don't budget for disasters. They don't show up here, so that's the reason why it goes all the way down to \$102 million for '22-23 onwards. It's really the disaster that's in the \$308 million.

**Mr. McIver:** I guess you would characterize this as a lagging indicator as opposed to a leading indicator. It's a recollection of what we're mopping up from the past.

**Mr. Barnes:** I was fortunate to be here 10 years ago, and I see this as a problem all the time. I'm pretty sure I remember from other years' budgets that we've always underestimated the cost of our emergencies, and if our goal is to give our taxpayer or our contributor a true picture, maybe we're not doing that.

How about the collaboration with the local emergency municipality preparedness officers?

**Mr. McIver:** Well, I will say that, obviously, nobody can predict the disasters that may come up in the future and the emergencies, so it's hard to budget for, but there's a contingency in Treasury Board and Finance that you might want to ask that minister about when you get a chance to do that.

**Mr. Barnes:** Okay.

**Mr. McIver:** Good.

**Mr. Lacroix:** MLA Barnes, Mr. Chair, in terms of collaborating with the municipalities, you know, I guess one thing I always tell the team at AEMA is that training for the Olympics during the Olympics is usually a bad idea, and to that effect we are, as I mentioned before, intimately connected with the emergency managers of those municipalities through a variety of tools. Probably the key one is our field officers deployed across the province, our First Nation field officers deployed across the province. What we do for them is make sure that they have the tools to do the job, the knowledge, the capacity, the standards to be able to respond to a disaster at their level and then connect into the wider emergency management architecture across the province.

To that end, we have imposed a bit of doctrine on them, which is not always that palatable, but there's a bit of a go-back-to-school component to this, and they have to learn the incident command system, which is what is used by FEMA in the U.S., for example, and is essentially the national standard to deal with an emergency.

We also have partnered with NAIT to conduct a yearly academy to connect all those municipalities. Actually, if there's anything good with COVID, it is that we can do a lot of stuff remotely now, so our participation numbers are huge, through the roof, because people don't have to move to take this training here in Edmonton. We just conducted that last month, actually.

We also submitted a draft Alberta emergency plan last year that I hope I'll be able to bring before the minister, actually, before the end of the month, and this is essentially the playbook on how to respond to an emergency in our province. It was consulted on extensively with all municipalities. Some, of course, have a lot more horsepower, so to speak, to deal with a New York-sized phonebook, but they also are encouraged – and we facilitate collaboration throughout regions of Alberta – to leverage each other's capabilities. Hopefully, this gets tabled by the end of the month and the minister signs off on it. We trialled and tested that last year. Again – knock on wood – we were lucky in terms of disasters, but we didn't have to test ride a new emergency plan in the middle of what B.C. actually went through last summer and fall.

Thank you, sir.

**Mr. Barnes:** Great. Thank you for that answer.

Still on page 91, three or four lines higher, federal grant programs, I have exactly the same concern. In 2020-2021 \$820 million was spent by the contributors of Alberta – the forecast this year, \$524 million – but now for each of the next three years we're budgeting \$293 million, \$284 million, and \$270 million. I presume these are matching one-third or half grants from the feds. You know, did the feds front-end load a lot of infrastructure or municipal programs? Are you expecting the feds to do less? Now, I don't know if this is accurate, but I have heard criticism from time to time that the provincial government of Alberta has missed the opportunity to join in a federal government program. Are we in danger of missing something, or are we again in danger of not representing the true picture to the taxpayers of Alberta?

**Mr. Balderston:** Mr. Chair, for the federal grant program, for the \$820 million, on page 177 of the estimates there's \$576 million under the safe restart agreement municipal operating support transfer. That's why that number is so high. That was during COVID. There was \$576 million, which was half funded from the federal government at \$303 million.

9:20

Then when you look at the reason why it goes from \$295 million up to \$524 million, that from '21-22 it goes up by \$229 million, the main reason why – it's two reasons. One is the one-time Canada community-building fund, the \$244 million that was given last year. That was off-set by just the cash flows on ICIP. Really, it's two answers. One of them is that in 2021, Mr. Chair, there was a one-time safe restart during COVID-19, and then the reason the '21-22 is so much higher is the one-time Canada community-building fund top-up that was given in '21-22.

**Mr. Barnes:** Okay. Thank you for that answer. I appreciate that.

I don't know if I have the right department, the right angle here, but please let me try. I hear criticism from time to time from municipalities that the Alberta government no longer pays their share of property taxes on buildings they own and on leases. Is that under the purview of this department, and are you conscious of the

concerns that are out there amongst municipalities of how this hardship is passed to other ratepayers?

**Mr. McIver:** Yeah. It's the GIPOT program. There's no change to that program this year, but you are not wrong in saying that at one point the government paid 100 per cent of the tax equivalent and that at this point we pay 50 per cent. That did not change this year. But the way you characterize it, that at one point we did, is true.

**Mr. Barnes:** It's not going to change for this year, you said, sir?

**Mr. McIver:** No, sir.

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

My next question is different. I think the biggest concern from Alberta families and Albertans right now is inflation. How concerned is this department about inflation, your costs going forward on municipalities?

**Mr. McIver:** Well, I guess we're concerned about it. I will say to you that that is one of the reasons that we front-end loaded the MSI, some of it, from this year and next year into last year. And part of the reason – COVID was both the reason and the cause. The reason that there was an opportunity to maybe pay less last year, the year before for infrastructure was because of COVID, because the economy was so bad. It was also the reason why we needed to actually get more people working, because there were so many people not working during COVID. So that was kind of an anti-inflationary measure, both the paying an advanced share of this year's MSI and last year's MSI last year, and it also, along with that, threw another \$500 million at municipalities to build infrastructure last year. Yeah, obviously, inflation is a concern always.

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

We'll now move on to a five-minute block for questions from the government caucus. Do you wish to combine your time with the minister for a full 10 minutes?

**Mr. Guthrie:** You're good?

**Mr. McIver:** Yeah.

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

Go ahead, Mr. Guthrie.

**Mr. Guthrie:** Okay. I gave you a heads-up there last time on the oil and gas taxes. Last year your ministry had indicated that several rural municipalities claimed they were owed at least \$245 million in unpaid property taxes to the province. Last session our Legislature passed Bill 77, the Municipal Government (Restoring Tax Accountability) Amendment Act, to address this and other issues. I guess my first question is: are unpaid taxes by oil and gas companies still, you know, a significant issue for rural municipalities here in this upcoming fiscal year?

**Mr. McIver:** Yes. The municipalities were very happy with Bill 77 as we did it. We worked with municipalities. We worked with the industry. We worked with everybody, and they all agreed it was a good idea. Some good ideas don't work as well as you want them to. The problem is almost as big now as it was then. I'm in ongoing conversations with the municipal leaders to strategize together on what else we might be able to do to help them get paid the tax dollars that they deserve and are legitimately and legally owed.

So this is, as they say, the best laid plans of mice and men. I talked to everybody, did lots of comms. Like I say, when you do something like this and you have both the municipalities, who are

trying to collect the money, and the industry, that is supposed to pay the money, or at least the main industry, agreeing it's a good idea, you'd think it would work. So far it hasn't, really. I mean, it hasn't not worked at all, because some municipalities have told me that they actually were able to get payment agreements made with their oil and gas companies, but there have been as many continuing defaults as there had been. Maybe it's stopped the bleeding, if you will, stopped making it worse, but there's still a big amount of unpaid oil and gas taxes that has to be paid, and we'll continue to communicate with the municipalities and look for whatever the next step might be.

**Mr. Guthrie:** Yeah. I mean, obviously, for those that went bankrupt or are in receivership, there's not really a whole lot you can do there, but I think that before . . .

**Mr. McIver:** I'm told there's about 50 per cent of the amount owed that is owed by operating companies. With the current price environment I would say to you: "No excuse. There are no excuses." I can tell you that while we made a big effort on Bill 77 to do this and we all had high hopes, it would appear that we're going to have to do some more work.

**Mr. Guthrie:** Yeah. I think that when I left the House, oil was at about \$124 WTI, gas at close to five bucks.

**Mr. McIver:** I mean, until it gets down to zero – but whether gas and oil are expensive or inexpensive, we all have to pay our taxes . . .

**Mr. Guthrie:** Right.

**Mr. McIver:** . . . including all of us in this room.

**Mr. Guthrie:** I guess that kind of leads me to the next question. I mean, is there a mechanism, then, to enforce that? I guess, what is the ministry doing to ensure that financial sustainability? I guess there's been COVID, too. There have probably been some overhanging COVID costs and some that may still come forward. Plus, you've got the unpaid taxes. There are some supply chain issues that may lead to inflationary problems with infrastructure projects. From this perspective, I guess, what's the ministry doing to just help with that financial sustainability?

**Mr. McIver:** Well, interestingly, you're actually more up to date with this question than you might think you are. I had a phone call – actually, my staff probably doesn't know this because it happened, like, yesterday – with the president of the RMA, and he said that this is still as big a problem as it was. I committed to him that I would work with them again and look for the next solution, whatever that might be, and he said, "Great, because we need this to happen." So there you go. What we all thought would work hasn't yet, so we're going to try something else. I don't know what that is. If you know what that is, you should tell me because we really want to help, and we are committed to working with municipalities to find a way.

**Mr. Guthrie:** Okay. This is probably not the best spot to have a brainstorming session, so what I'll do is that I'll cede my time to MLA Rehn and let him take over.

**Mr. Rehn:** Thank you, Minister. I'd like to thank you and your staff for coming here tonight and answering our questions and shedding a little more light onto your department and how the budget is affecting it.

As was mentioned, last year the Legislature passed Bill 77, the restoring tax accountability act, to restore a special lien on linear



property in the event that the company owning the property is refusing to pay their property taxes. The RMA has estimated that over \$200 million remained outstanding before the bill's introduction, which is crippling some municipalities here in Alberta, especially in the northwest and southeast of our province.

I know that in my constituency I was getting many phone calls about the problem the rural municipalities were having trying to collect these taxes. The unpaid oil and gas taxes have been an issue for years, including under the NDP, who did absolutely nothing when they were in power to try to fix the situation. This is a shame because most of the wealth in this province is generated in rural Alberta. I know the rural municipalities association was grateful for the introduction and passage of Bill 77 after years of NDP neglect. The simple question is: is it working, Minister?

**Mr. McIver:** I would say not as well as we would like it to be working. The recent conversations with the president of the RMA tell me that the outstanding debt is pretty close to what it was when Bill 77 passed. I guess I have to do some work with them to see whether – I wouldn't say that it's not working at all because some municipalities have told me personally that it has helped, but the fact that the number hasn't gone down tells me that for every municipality that Bill 77 has helped, that much unpaid oil and gas taxes has accumulated somewhere else.

9:30

I am committed to work with the municipalities. I particularly have had conversation with the RMA president, and we are committed to working together to look for the next possible solution, because it's important. The municipalities do such important work. They can't do it without collecting their tax revenue, and apparently we're going to have to work with them to help them collect that tax revenue. What that looks like today I don't know. It's pretty fresh news for us that it's not working as well as we hoped it would, in fact, severely fresh, so now we'll dig in and start all over again.

**Mr. Rehn:** Okay. My next question. I'm not sure if it's fair now, but if the response was that it wasn't working very good, I was going to ask if you or if any of your staff would have any idea of what other steps could be taken in order to try to see if we could get these unpaid taxes paid in some manner. Would anybody like to try to help?

**Mr. McIver:** We're on the hunt. We're committed to doing it. All I can tell you is that I'm committed to working with the municipalities, and I've got amazing staff, so when we get together with them, we'll find a way to try to help.

**Mr. Rehn:** Okay. Thank you, Minister.

I'd like to pass my time on to MLA Getson.

**Mr. Getson:** Perfect. Well, thank you, MLA Rehn and Minister. I'm going to jump to page 173 of the budget estimates and talk about contingencies, so 2021-22 forecast at \$75.1 million as spent contingency funds. There's nothing been allocated this year. A couple of parts to the question here: first, what's the mechanism to come up with contingency? In my prior life it was based on a classification of estimate: you do a risk matrix, you run a Monte Carlo simulation, and you tap it on the end. What's the methodology for coming up with a contingency? Maybe the second part of the question, given time: how do we allocate contingency, potential disasters or otherwise? I guess the first part of the question is: how do we come up with the contingency value?

**Mr. McIver:** How did we come up with the contingency value? Deputy?

**Ms Cox:** The contingency funding is allocated to Treasury Board and Finance, so it's in their estimates. We do know that it is substantial this year; we think \$1 billion. So that number is derived by Treasury Board as hopefully sufficient capacity for contingencies that do arise.

**Mr. Getson:** In the event that the contingency doesn't cover it – and, I guess, back to Mr. Lacroix's wheelhouse – do you do another cash draw, or how does that work to garner more contingency value?

**Mr. McIver:** Yeah. That'll be a bit of a game-time decision. What I mean is that some things you can't avoid paying for, and if an unexpected emergency crops up . . .

**The Chair:** Sorry to interrupt.

We'll now move on to 10 minutes of the opposition. Do you want to go back and forth with the minister again?

Minister?

**Mr. McIver:** Yep.

**The Chair:** Go ahead, Mr. Ceci.

**Member Ceci:** Just on page 179 I'm looking at 2013 Alberta flooding liability retirement, 11.1, and the explanation on 176 talks about: "Responsible for processes related to the Southern Alberta Flooding Disaster Recovery Program and Regional Municipality of Wood Buffalo Disaster Recovery Program." That number is estimated at \$4,764,000. First, can somebody explain what the processes identified there for that liability retirement line item are?

**Mr. Balderston:** Mr. Chair, that line item, 11.1, is for the 2013 Alberta flooding. It's – what? – year nine now. Really, the \$4.7 million represents our estimate of what we believe we'll be paying in DRP claims this year. It's just that tail end of that very, very large disaster. There are a few recipients that are still there, so it's our estimate of what we're going to pay this year to recipients.

**Member Ceci:** Okay. Do you anticipate that being a line item in '23-24?

**Mr. Balderston:** Mr. Chair, I don't know at this time, but essentially what we do is that we look at what's left in that accrual, and we'll – right now it's \$4.7 million. If there is an event where we think it's going to be a little bit more than that, we would come in in the year for supplementary estimates. But right now it's \$4.7 million for '22-23, and going forward, it's undetermined at this point in time.

**Member Ceci:** Okay. Thanks.

**Mr. Lacroix:** If I may add very briefly, the intent is to close that out as soon as we can, but we don't want to leave needy Albertans without funds that they're eligible for. That's why there's always this lagging amount for, arguably, maybe too long from a financial and accounting purpose. Again, defaulting to the needs of Albertans.

**Member Ceci:** Okay. Is the actual construction, raising the ground or putting some other devices in place, part of Infrastructure or a different ministry? The cost?

**Mr. McIver:** Go ahead.

**Mr. Lacroix:** Yes, sir. Mr. Chair, the Alberta Emergency Management Agency, of course, is in the business of not only recovery from disasters but the business of resiliency. There have been some funds made available for mitigation, for example. I could give you – a good example would be \$11 million authorized for Fort McMurray to move a neighbourhood at risk, Ptarmigan Court, away from a flood plain. It also does not talk about: any recovery program monies given to individuals, businesses, municipalities can be used by the recipients of those funds to actually move their properties out of harm's way, right? But mitigation mostly, if we talk about floodway mitigation type of work, would be the responsibility, of course, of Environment and Parks.

**Member Ceci:** Thanks.

**Mr. McIver:** Yeah. Probably approved by Environment and Parks and probably built by Transportation.

**Member Ceci:** The business plan on page 90 speaks to the Safety Codes Council, and then there's a line item on 91 kind of tracking 15 and a half million dollars. Would that be the place – with COVID we've learned a lot of things, and one of the things that has been talked a lot about is the adequacy of air ventilation systems. Would the Safety Codes Council be the place where there'd be that discussion or that change that would potentially bring new regulations or new rules into place?

**Mr. McIver:** I'm going to ask Mr. Ewasiuk to . . .

**Mr. Ewasiuk:** Thank you, Mr. Chair. Shawn Ewasiuk, assistant deputy minister, technical and corporate services. I would say to the member: yes. Part of the discussions that happen in the development of a new edition of a building code are proposals for emerging issues, new technology, a new need to address that. The Department of Municipal Affairs along with the Safety Codes Council does participate in federal, provincial, territorial both policy and technical committees alongside the National Research Council and CSA group, as an example. Those are very active discussions there. Of course, that would also include colleagues from Alberta Health, but it is a very live discussion. I can say that, you know, over the course of the last six months there have been conversations beginning to present evidence about different types of ventilation system requirements and how and if that's already reflected in the code or how that can be enhanced in future editions.

**Member Ceci:** Thank you for that answer.

**Ms Sweet:** Well, thank you, Mr. Chair. I'd like to go to page 90 again of your business plan: outcome 3, Albertans are protected with safe buildings, homes, and communities; 3.2, represent Alberta and its interests, including a reduction of trade barriers along the development of national and international codes for potential adoption in Alberta. Just wondering if you can expand a little bit on that key objective. What examples of trade barriers would be potentially demonstrated, national or international codes that we might be looking at? I'm thinking maybe wood structures, but I'm curious as to how you identify this key objective.

9:40

**Mr. Ewasiuk:** Thank you for the question. Mr. Chair, I can expand on that a little bit to give some examples. One thing that's important to note is that in Alberta we already have what's called a timely code adoption framework. Essentially, that means that there's a recognition that the research and development that happens at national or international levels that Alberta participates in is already

a good foundation for the newest and the best consideration that goes into a code. There's also a recognition in that it offers an opportunity for alignment. Alberta, as an example, in the last year signed an agreement under the Canada free trade agreement, which is the regulatory reconciliation of trade table, to work to have a commitment to have alignment on building and fire codes across the country. That's an example of the kind of commitment that's been made in the last year as well as that timely code adoption framework. Both of those are continuous.

Each new edition of the national codes that is being developed and then published is worked on, both from Municipal Affairs but also from the Safety Codes Council, to examine that to ensure that it is still a fit for our unique circumstance. But the underlying commitment there is to have alignment across the country so that you have labour mobility, that Alberta is able to attract workers, and they don't have to retrain when they come to this province. Manufacturers know the requirements that exist within the province, not having to then customize and adjust their operations and supply chains for a unique set of code requirements.

**Ms Sweet:** Thank you.

Would you also, then, be able to elaborate on 3.1, align the safety systems to increase partner autonomy and accountability?

**Mr. Ewasiuk:** Certainly. Mr. Chair, I think the initiative underneath that objective is a good example of that, which is the work that we're doing currently with the Safety Codes Council to examine risk-based approaches to inspections, and that would be seen through an accreditation framework. In Alberta the Safety Codes Council has delegated authority to accredit different organizations across the province to deliver the services under the Safety Codes Act. The vast majority of those are municipalities, but you have agencies and corporations as well. That initiative is an attempt to codify and develop a renewed framework that allows for data and information to come in to support those decisions around when and how and how frequent inspections occur. It's the kind of decision-making that exists already with safety codes officers across the province, but it's attempting to bring in data and information where those authorities having jurisdiction have the capacity to do that so that there's clarity around when and how they're able to use anything from a database all the way up to artificial intelligence to then say: what activity has a greater risk both in terms of its frequency of failure but also the impact of that potential failure as well as the . . .

**The Chair:** Thank you very much, sir, for your answers.

We will now move on to a 10-minute rotation with – back and forth with the minister from the independent member?

**Mr. Barnes:** Back and forth again, please, Minister?

**Mr. McIver:** Let's do 'er.

**The Chair:** Thank you.

Go ahead, Mr. Barnes.

**Mr. Barnes:** Okay. Thanks, Mr. Chair. Again on page 91 – I'm in the top in the revenue section – premiums, fees, and licences, up from \$36 million to \$51 million and then \$63 million going forward, a big increase of \$26 million: are Albertan families paying that? What makes up premiums, fees, and licences, please?

**Mr. McIver:** I think that is the 911 system. We passed a piece of legislation here in the last year where the fee on your cellphone bill: I think it would have been from 44 cents a month to 95 cents a month. That amounts to \$23 million a year, and that is to go towards

the upgrading of Alberta's 911 system as part of Canada's 911 system upgrade to a much higher level of service.

**Mr. Barnes:** Sounds like money well spent. Have you monitored it? Are you happy with the results?

**Mr. McIver:** I don't know that we've been collecting – we started collecting the money in September.

**Mr. Lacroix:** I'd be happy to add a bit there, Mr. Chair. Yeah. We don't know, I guess is the short answer of it, but what is being promised and sold to us by the federal government, in terms of the next generation of 911 services provided through mobile phones, for the most part is much more robust and, I would say, user friendly, that includes actually text messaging interchanges between people in need and the 911 centre. I think it's long overdue. If the federal government is wrapping its arms around this particular challenge: good. But we will certainly hold them accountable for a quality product in the end. There's no indication that they would underdeliver given the importance of such a file.

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

**Mr. McIver:** It's a several-year program, as he said. It's going to go from just phoning 911 to being able to text for help, which is super important, for example, in the case of domestic violence, where if the perpetrator of the domestic violence can hear somebody calling for help, that can bring on more domestic violence whereas this way a person can get to a separate part of the house and text quietly to get help. Also, for people on the road that might get into a car accident or an ATV collision, where it actually will be GPS, instead of having to describe to somebody on the 911 call where you are, they will know, like, right now within about five metres or something. It's a real tight circle. There are some severe improvements when it works, but it's not like it should be working now. They said it would be – what? – three or four years to get it together, so this is the start of the three- or four-year process for that huge improvement.

**Mr. Barnes:** Okay. Again, it sounds like money well spent. Good luck monitoring it. I remember hearing a few months ago that 90 per cent of texts get returned in five minutes and only 10 per cent of phone calls get returned in five minutes, so texting is obviously the preference. Well done.

Sticking there under other revenue, I want to know what makes up the other revenue component, \$26 million, \$27 million every year except, for some reason, in 2020-2021 it was an incredible \$128 million. What comprises other revenue, right at the top of page 91?

**Mr. Balderston:** Mr. Chair, the reason why the \$128 million seems so high: there are a couple of reasons for that. What we do each year for our disaster recovery programs is that we'll make an estimate of what we think they're going to cost, and every year-end we have a look at them. During 2021 we actually decreased our estimated costs in the DRPs by \$65 million. When you do that, the revenue actually has to go somewhere, so \$65 million of the \$128 million is from prior-year disasters that we've estimated the cost to come down. The last piece is due to COVID-19. It was a donation of \$38 million of PPE from Health – that comes over at book value – so when you add those two together, that's \$102 million of the \$128 million is due to those two factors.

To answer your question about what's in the \$26 million, Mr. Chair, I'll give you the bigger pieces. In that \$26 million there's a designated industrial property assessment that's \$15.3 million, and the Alberta first responder radio communications system is \$9.5 million. The other smaller amounts are the composite assessment

review boards for \$880,000; improvement district No. 349, \$375,000. So the total of that is \$26.2 million.

**Mr. Barnes:** Okay. Thank you for that answer.

I want to back up a little bit to the expense column on page 91. In 2020-2021 we had \$499 million spent on the municipal stimulus program and, of course, nothing going forward. I'm believing that this was the money put into shovel-ready projects for municipalities because of COVID. Please tell me how effective it was. Did it create a lot of jobs? Where are we at with that?

9:50

**Mr. McIver:** That was what we called the \$500 million – \$499,115,000, but okay – that we furnished to municipalities to build infrastructure and to stimulate the economy and provide jobs during COVID. We found this earlier. There are over 500 projects and \$730 million worth of work as municipalities, in many cases, added some of their own money to the projects because they're important. Fifty per cent of the funding, roughly, went to road and bridge projects; 21 per cent, roughly, went to park, sports, and recreation infrastructure; 15 per cent to water, waste-water, stormwater, and other infrastructure, and some other stuff for affordable housing and other municipal buildings and facilities and repairs and stuff.

You know what? I think it was probably largely well spent, and if nothing else it caused employment at a time when Albertans were desperate for employment and also would have improved the infrastructure, which was part of one of our government's objectives to set up Alberta for recovery, because – let's face it – the economy rides on infrastructure. All these infrastructure pieces: it's probably hard to quantify exactly how much GDP and employment that it caused, but I have no doubt that it was money well spent, and I have no doubt that it's contributing today to the economy of Alberta.

**Mr. Barnes:** Okay. Thank you. Yeah, a shout-out to you guys for this plan and the city of Medicine Hat. They built some nice walking paths by my house, and they are really well used. So good decision by you and by them.

Next I want to tell you about a situation and ask: where is it in the budget? Cypress county: I represent the south part of Cypress county, and of course that surrounds the interprovincial park Cypress Hills. It's sort of an interesting situation, but it's awkward. Some people have put in some new biking trails and stuff through the forest, and the park is getting more and more used, but that means more and more health emergencies, more and more need for ambulances and that kind of thing. It's very uncertain. Cypress county wants to provide the service. Cypress county is willing to send their volunteers to help, but the park is willing to help as well. When I talk to Cypress county, there's a real communication – I don't know if it's a problem. It's just an uncertainty.

Is there somewhere in the budget that money can be spent on handling these problems? Like, obviously, a summer village or a provincial park: it's not like two municipalities can technically bump into each other. Is there some way we can address this issue?

**Mr. McIver:** Well, the park thing: it's a provincial park?

**Mr. Barnes:** It's a provincial park.

**Mr. McIver:** That would be through the Environment and Parks ministry. I suppose if they want to partner on some of that, I guess I'd need to know more specifics.

**Mr. Barnes:** Is there a way that Cypress county, as an example, could ask for money to provide the emergency service?

**Mr. McIver:** I can't guarantee you right now, at 5 to 10, that we're going to say yes to that money, but they can ask, and we will be polite to them and listen carefully, and maybe, based on what you described, there might be an opportunity for them and the park to ask together or, you know, through our ministry and Environment and Parks. I can't promise that that would happen, but we'll listen.

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

As a follow-up to the question from the MLA for Edmonton-Manning, key objectives 3.1, 3.2, and 3.3, I have heard that the red tape cost in every new house in Alberta and in Canada could be as high as \$140,000. Can we do something about that?

**The Chair:** Sorry to interrupt, Member. Thank you.

We'll now move on to five minutes of remaining questions with the government caucus, back and forth with the minister.

**Mr. Getson:** Are we good to go, Minister?

**Mr. McIver:** Yes, sir. Go ahead.

**Mr. Getson:** Thank you. I just want to try to finish off on the contingency allocation. I appreciate how the contingencies come from Treasury. There are unallocated contingencies. Sounds like a very similar model. We've used some of it in the past for emergencies. If we can, sir, I'd just like to pick up on there. With the contingency values in the past and the allocations, what lessons learned do we have over the last couple of years here that are being applied to the contingencies and then the allocations going forward?

**Mr. McIver:** I think, generally speaking, we've done our best to look at the historical level of draw out of the contingency fund, knowing that the historical draw may in no way represent what's needed this year, okay? I'm not being sarcastic. I don't know what forest fires are going to happen. I don't know what floods are going to happen. I don't know what hailstorms are going to happen. Nobody does. That's part of the reason, I think, that Treasury Board holds the contingency, because it wouldn't be just our ministry that would need it. When a forest fire happens, if it happens in a municipality, like an urban municipality or close to it, there's a good chance that we might help with that service. If it happens out in the woods, probably agriculture and forestry. Again, the same thing with floods. If it happens in a municipality or where it affects municipal infrastructure, we could end up kind of involved. So it's pretty random and pretty unpredictable where the contingency needs to go. I think that's why the folks with the big bank accounts hold it, and rightly so, because we just can't predict when and where and how it's going to be needed.

**Mr. Getson:** Perfect. I appreciate it, sir, and fully understand it. When it comes to contingency allocations, you don't typically go back to the board unless you really have to.

Maybe we can jump gears a little bit, sir, if you wouldn't mind, just to red tape. The last member just talked to you about that a little bit. I believe it's on outcomes and objectives 1.1, 1.2, 1.3, 1.4. Red tape is a big deal. Really glad to see that the budget was balanced. Really glad to see the initiatives carrying forward. I'm going to give you a softball one, sir, because it's towards the end of the hour, bottom of the ninth, all that. Can you just identify some of the best red tape initiatives that have taken place in the last year and some that you're planning to do this year going forward?

**Mr. McIver:** Okay. Let's see. We talked to industry panels. I'm just looking for an example under Municipal Affairs. I think that's what the MLA is looking for specifically.

**Mr. Getson:** Yeah. Just the red tape initiatives under Municipal Affairs, if there are some good-news stories there you can tell us, what you're planning on doing going forward.

**Mr. McIver:** Okay. Shawn, please. I think our safety codes person can talk about some good work and . . .

**Mr. Getson:** Good. This is good news. My constituents will like this.

**Mr. Ewasiuk:** Certainly. Thank you, Mr. Chair. On behalf of our colleagues across the table as well I'm pleased to highlight some of the successes that do enhance the competitive advantage.

One would be a variance that was issued under the gas code regulation that would allow for oil and gas producers to use professional engineers to verify the safety of their own equipment. That ability under the safety codes system, under the Safety Codes Act already exists. Safety codes officers are able to evaluate an individual circumstance and if something can't be met under the prescriptive part of the code but there's an alternative solution that allows for equivalent safety, that authority and that ability already exist, but what this did was a provincial variance that recognized the unique operations and capacity that you have within certain oil and gas producers. It allowed for professional engineers, which, again, are subject to the requirements of their professional designation, to be able to do some of that inspection work themselves in-house. That's one example.

Another example would have been that the Safety Codes Act was amended to allow for the use of tall wood construction. That is something that is expected to be in the next edition of the national building code, but there was a step taken to adopt that early to allow for Alberta to get a step ahead and to have the use of tall wood construction with fire-resistant materials and the opportunity for sourcing the materials to a greater degree within Alberta. You know, I think that at the time the Alberta Forest Products Association estimated that that change would create about 60 jobs per construction site and up to 400 new jobs in sawmill and production sites as well. So there are a couple of examples.

**Mr. Getson:** Perfect. Any other efficiencies maybe from the department that you've picked on or any debottlenecking exercises that come top of mind?

**Mr. McIver:** Correct me if I'm wrong, but it seems to me that we're doing a varied inspection process where builders, et cetera, that do a great job will get inspected less often and the ones that do a bad job get inspected more often, which, hopefully, will reward the good builders, not by letting them do a bad job but by having them do less paperwork while they're doing a great job, and the ones that are doing a bad job might not be in business anymore to keep doing a bad job.

**The Chair:** I apologize to interrupt on that good note, but I must advise the committee that the time allotted for consideration of the ministry estimates has concluded.

I would like to remind committee members that we are scheduled to meet tomorrow, March 8, 2022, at 9 a.m. to consider the estimates of the Ministry of Treasury Board and Finance.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 10 p.m.]







