

Municipal Affairs

Questions for Written Response

Question 1- Cumulative amount paid for surface rights compensation

PA-315

Mr. Schmidt, MLA-Edmonton-Gold Bar

*Mr. Schmidt: No, no, no. Like, I get that you guys track it and you report it on your annual report. Like, how much has been paid out? **What's the cumulative amount that's been paid out from the Land and Property Rights Tribunal to people who have applied for surface rights compensation?***

Ms Cox: Can I understand the time frame? In terms of when you say cumulative, starting in which year? I don't know that we'll have the answer for you, but it would be helpful.

*Mr. Schmidt: Starting at the very beginning, I guess. I don't know how long this process has been in place, but from **the very first application for surface rights compensation that has been made to the end of the '23-24 fiscal year, what is the total compensation that has been paid out?***

Ms Cox: I do not know the answer to that question.

Mr. Schmidt: Can you undertake to respond in writing to the committee, to find that out?

*Ms Cox: **I can undertake to do that.** I would note that the Land and Property Rights Tribunal amalgamation of the Surface Rights Board only took place in 2021, I believe. Yes. In 2021 is when the Surface Rights Board was amalgamated into the Land and Property Rights Tribunal, so I think that any answer that we're able to provide would be as of that starting point.*

Department Written Response:

- The Land and Properties Rights Tribunal (tribunal) makes decisions on a variety of disputes, including surface rights applications for recovery of compensation under Section 36 of the *Surface Rights Act* (SRA).
- Section 36 of the SRA allows landowners or occupants of Crown land to recover unpaid amounts owing to them by an operator under a surface lease or compensation order.
- When considering these applications, the tribunal follows the legislated process and will base its decision on the evidence and arguments provided by the parties. If the tribunal is satisfied the landowner applicant is owed the money, it will direct the Minister of Environment and Protected Areas to issue payment to the landowner for the unpaid amount.
- When paid, these amounts become a debt owing to the Crown by the operator(s).
- From 2020/21 to 2024/25, the tribunal has directed a total of \$115,238,210 to rural landowners or occupants of Crown land.

Fiscal year	Total Directed
2020/21	\$24,756,015
2021/22	\$14,102,190
2022/23	\$17,213,523
2023/24	\$29,380,558
2024/25	\$29,785,924
Total	\$115,238,210

Question 2- Percentage of the complex cases had decisions issued in the 210-day target timeline

PA-315

Mr. Schmidt, MLA-Edmonton-Gold Bar

*Mr. Schmidt: Okay. I'm just curious. The report mentions a couple of targets for issuing decisions. **What percentage of the complex cases had decisions issued in the 210-day target timeline?***

Mr. Hartfield: I do not have that statistic handy.

*Mr. Schmidt: **Can you respond in writing?***

*Mr. Hartfield: **Absolutely.***

Department Written Response:

- In 2023/24, a total of 700 complex decisions were issued under Section 36 of the SRA.
- The average timeline for these decisions was 410 days.
- Approximately 17 per cent of these decisions were issued within the 210-day target.
- Complex Section 36 applications take longer to issue decisions due to underlying complexities such as vesting orders, wills and estate issues, and operator submissions. The tribunal has a target of 210 days to issue these decisions from the date the demand notice is issued to all identified operators under Section 36(4) of the *Surface Rights Act* following receipt of a complete application that includes all information requested from the landowner.
- In 2023/24, the tribunal directed the Minister of Environment and Protected Areas to pay approximately \$29.4 million to landowners, up from \$17.2 million in 2022/23.
- The tribunal has had to adapt its processes and technology to manage incredibly high volumes of applications, with over 35,000 applications received under Section 36 alone since 2016.
- Due to advancements in technology, process improvements, and red tape reduction, the tribunal is now better positioned to address high application volumes and reduce decision timelines.

Question 3- Percentage of routine cases had decisions issued in the 90-day target timeline

PA-315

Mr. Schmidt, MLA-Edmonton-Gold Bar

*Mr. Schmidt: Thank you. My second question is: **what percentage of routine cases had decisions issued in the 90-day target timeline?** I assume you don't have that, but if you could respond to the committee in writing as well.*

*Mr. Hartfield: **Certainly.***

Department Written Response:

- In 2023/24, a total of 5,902 routine decisions were issued under Section 36 of the SRA.
- The average timeline for these decisions was 311 days.
- Approximately 9 per cent of these decisions issued within the 90-day target.
- Routine applications that have no underlying complexities have a target of 90 days to issue a decision from the date a complete application is filed. A backlog exists due to the high volume of applications that are filed.
- In 2023/24, the tribunal directed the Minister of Environment and Protected Areas to pay approximately \$29.4 million to landowners, up from \$17.2 million in 2022/23.
- The tribunal has had to adapt its processes and technology to manage incredibly high volumes of applications, with over 35,000 applications received under Section 36 alone since 2016.
- Due to advancements in technology, process improvements, and red tape reduction, the tribunal is now better positioned to address high application volumes and reduce decision timelines.

Question 4- How many of the 4,687 applications received in 23-24 hadn't had a decision issued by end of the fiscal year?

PA-315

Mr. Schmidt, MLA-Edmonton-Gold Bar

*Mr. Schmidt: **How many of the 4,687 applications that were received in '23-24 hadn't had a decision issued by the end of the fiscal year?***

*Mr. Hartfield: **We can endeavour to find that information.** However, I can't guarantee that we do have those statistics.*

Department Written Response:

- In 2023/24, the tribunal received 4,687 applications.
- Of the 4,687 applications, approximately 40 per cent had decisions issued in 2023/24. The remaining applications would have been brought forward for decision in 2024/25.

Question 5- What is the tribunal doing to ensure rural concerns are being heard?

PA-320

Mr. Rowswell, MLA Vermilion-Lloydminster-Wainwright

*Mr. Rowswell: Page 71 of the annual report references development appeals. Some development appeals are very controversial, which highlights the importance for local input. **If you could just tell us: what is the tribunal doing to ensure rural concerns are being heard?***

Department Written Response:

- Most development permit appeals are heard by municipal subdivision and development appeal boards. The tribunal only hears development appeals of a provincial interest, where the proposed development has received an approval from a provincial regulator or certain government departments.
- The tribunal is responsible for notifying all individuals who may be affected by a proposed development. That means notifying all property owners or residents within the radius described in the municipality's land-use bylaw, which can include hundreds of landowners. The tribunal can also expand notice to other individuals beyond this radius, depending on the nature and scope of the proposed development.
- All parties and anyone who received notice of a hearing, have the right to attend, make submissions, ask questions, and challenge the evidence and arguments of the other party.
- In conclusion, the tribunal's process ensures that all those affected by a proposed development have an opportunity to be heard.

Question 6- Why would you combine those two things when one is a payment from the operator and other is a payment from general revenue fund, are you short-circuiting the ability of operators to pick, are you putting the government's hand up to pay on behalf of operators and putting more financial risk on the Alberta taxpayers by doing that?

PA-315

Mr. Schmidt, MLA-Edmonton-Gold Bar

Mr. Schmidt: Okay. Now, the report mentions that the government streamlined the process of dealing with compensation applications by combining orders for sections 36(4) and 36(6) payments; 36(4) is an issue to pay to the operator, and then 36(6) is an order to the government to pay. Why did the ministry combine those two orders to so-called streamline the process?

Mr. Hartfield: It was essentially a streamlining matter. That's why we did that, just to shorten the timelines for issuing these decisions.

*Mr. Schmidt: Yes, thank you. I said in my question that I know that it's streamlining, so when you tell me that it's to streamline it, you're repeating back to me what I said. **Why would you combine those two things when one is a payment from the operator and the other is a payment from general revenue***

*fund? I understand the desire to make sure that landowners get compensated, but **are you short-circuiting the ability of operators to pick?** Like, **are you just putting the government's hand up to pay on behalf of operators and putting more financial risk on Alberta taxpayers by doing that?***

Mr. Hartfield: I would have to consult with legal on that and provide you a more robust answer.

Department Written Response:

- The tribunal follows the legislated process when issuing decisions/orders under Section 36 of the SRA. This includes providing appropriate notice to the operator(s) when an application is received and non-payment by the operator is verified by the tribunal.
- Section 36(4) of the SRA is a demand notice sent to the operator(s) to pay the landowner. If payment is not received within 30 days, the operator is to suffer certain consequences.
- Section 36(6) of the SRA is the direction that the Minister of Environment and Protected Areas issue payment to the landowner when the operator(s) does not comply with the demand notice under Section 36(4).
- Orders to suspend and terminate an operator's access under Section 36(5) of the SRA are part of the "punishment," should the operator fail to pay.
- Amounts directed for payment to landowners under sections 36(6) and 36(7) of the SRA become a debt owing to the Crown by the operator(s) under Section 36(9).

Question 7- What plans does the ministry have to address this massive shortfall (LGFF funding to municipalities)?

PA-320

Ms Renaud, MLA St.Albert

*Ms Renaud: Thank you. Alberta municipalities note that the changes to the starting point of the pot in funding is so low that it'll take 20 to 30 years simply to get to a level of 10 years ago, so **what plans does the ministry have to address this massive shortfall?***

Department Written Response:

- Although historical levels of funding for municipal infrastructure were higher than funding currently provided under the new Local Government Fiscal Framework (LGFF), these historical levels were not fiscally sustainable over the long-term.
- The LGFF started at base funding of \$722 million in 2024, an amount which reflects the significantly changed economic realities and the province's long-term fiscal capacity.
- In the future, LGFF funding will change on par with changes in provincial revenues, ensuring local governments receive the full benefit of economic growth in Alberta but also share in the risk of economic downturns.
- Given the current economic climate and significant uncertainties in terms of long-term economic outlook both provincially and globally, it is difficult to predict LGFF funding levels three decades in

advance; however, based on *Budget 2025*, LGFF is targeted to reach \$871 million in 2027/28, nearly a \$150-million increase over the base funding of \$722 million in 2024/25.

Question 8- How does the ministry measure value for money of MSI?

PA-320

Ms Renaud, MLA St.Albert

*Ms Renaud: My next question. The ministry provided almost half a billion to municipalities through MSI, which is about 49 per cent of the ministry's budget, and there is zero performance reporting for this metric. **How does the ministry measure value for money of MSI?***

Department Written Response:

- Since 2007, the ministry has published annual lists of projects accepted under the Municipal Sustainability Initiative (MSI), including the name of the local government, all projects accepted in the previous year, the amount of MSI funding accepted for each project, and a brief project description.
- Grant advisors follow a rigorous application review process to ensure projects recommended for approval align with the program guidelines, including working with local governments to help identify eligible projects.
- Local governments provide quantitative data about the assets to be built or rehabilitated with MSI funds, such as lane kilometres of roads, metres of water line, square metres of buildings, etc., to help assess the achievements of the program.
- To ensure compliance and financial accountability, program delivery staff compare data submitted on MSI project reporting or the Statements of Funding and Expenditures (SFEs) with municipal financial statements.
- An evaluation of the MSI is underway, examining what the program accomplished, including the scale of infrastructure built and rehabilitated across the province and lessons learned, to improve existing and future ministry programs.

Question 9- What plans does the ministry have for implementing a performance metric for its granting program for municipalities?

PA-320

Ms Renaud, MLA St.Albert

*Ms Renaud: Next question: **what plans does the ministry have for implementing a performance metric for its granting program for municipalities?***

Department Written Response:

- Performance measurement is an ongoing process that enables monitoring of a program's efficiency and assessment of how the intended results of a program have been achieved.

- Performance measures are being implemented for most Municipal Affairs grant programs.
 - Performance metrics and outcomes reporting requirements were created for the LGFF and the Local Growth and Sustainability Grant (LGSG) programs as they were developed.
 - Metrics and outcomes reporting requirements are currently in development for the Alberta Community Partnership (ACP) program as a result of a recent program review.
- Additionally, annual reporting to the federal government on outcomes achieved through the Canada Community-Building Fund (CCBF) is required under the new CCBF agreement.
- In addition to regular performance monitoring, regular program evaluations are also planned for our grant programs, based on the anticipated life cycle of the program. This helps ensure programs continue to be effective in meeting their stated objectives and managed efficiently.
 - An evaluation of the ACP was completed in 2024, which found the program is efficiently run, meets its objectives, and is valued by municipalities.
 - An evaluation of the MSI is underway, examining what the program accomplished and lessons learned to improve existing and future ministry programs.
 - An evaluation of the first year of the LGFF will be completed to determine if it is operating as planned and if improvements can be made.

Question 10- Will the ministry provide capital plan details for the more substantial projects funded by MSI?

PA-320

Ms Renaud, MLA St.Albert

*Ms Renaud: Finally, we see only small projects funded by MSI outlined in the report such as a boat launch, improving street lights. **Will the ministry provide capital project details for the more substantial projects funded by MSI?***

Department Written Response:

- Municipal Affairs recognizes the importance of transparency and accountability in the use of public funds, particularly in the context of municipal grant funding.
- As a result, Municipal Affairs annually publishes a list of accepted projects under the LGFF, federally administered CCBF, and the Municipal Sustainability Initiative.
- The accepted project listings on Alberta.ca highlight the approved projects over the year, including a short project description and the grant funding committed.
- Examples of more substantial projects from 2023/24 include:
 - the City of Calgary's \$20.78-million commitment to renovate several affordable housing units in the neighbourhoods of Albert Park, Glenmore Park, and Ogden;
 - Clearwater County's \$7.7-million commitment to reconstruct Beaver Flat Road; and
 - the City of Lethbridge's \$ 5.5-million commitment to modernize the Southern Alberta Art Gallery, including renovating spaces, constructing a theatre, food services area, and outdoor patio.

Question 11- What makes the 2023 assessment model review different than the 2020 assessment model review, why wouldn't you just bake it right in there instead of going through a two-step process where you might throw it out like you did the first time, how much was spent on the original process review, and how much is being spent on the current one?

PA-320

Mr. Ellingson, MLA Calgary-Foothills

*Mr. Ellingson: Thank you. I will ask an overarching question. What I'm driving at is: **what makes the 2023 assessment model review different than the 2020 assessment model review?** The report says that the new assessment model review process is to be "deliberate, evidence-based, and stakeholder driven." I'm curious if the 2020 process was not deliberate, evidence based, and stakeholder driven.*

*The report suggests that the review will be followed by broad consultation with municipalities and industry. The original review was followed by broad consultation with municipalities and industry and then thrown out, so I'm curious if the new assessment model will just – **why wouldn't you just bake it right in there instead of going through a two-step process where you might throw it out like you did the first time? How much was spent on the original process review, and how much is being spent on the current one?***

Department Written Response:

- Assessment model reviews (AMRs) are always sensitive due to competing interests and financial impacts of assessment shifts.
- The last attempt in 2020 to update the regulated assessment models was unsuccessful due to concerns raised from some stakeholders about the overall transparency of the engagement process and the highly uncertain economic conditions at the time.
 - The review, though evidence-based, relied on technical methodology without a clear approach to broadly engage municipal and industry stakeholders on underlying policy questions or the potential taxation impacts of any assessment changes.
- This time, a steering committee was established consisting of municipal, industrial, and assessor stakeholders. These stakeholders have collectively contributed to the development of a long-term and multi-phased engagement plan.
- The current approach ensures stakeholders are involved in every step of the model review, reducing the likelihood of concerns that emerged during the 2020 review.
- Since May 2022, Municipal Affairs has taken a deliberate, transparent, and collaborative approach to engage in relationship and trust-building activities with industrial, municipal, and assessor stakeholders.
 - Municipal Affairs has made a conscious decision to separate evidence and principle-based assessment valuation from a later discussion of tax impacts, mitigation, and implementation strategies.
 - The above approaches were key learnings from the previous model review engagements; therefore, a deliberate decision was made to move forward with a multi-step process.
- The 2020 model review involved individual model reviews for machinery and equipment, wells, and pipelines used contracted engineering expertise, with a total cost of approximately \$1 million.

- The current stage of the AMR is a review of foundational policies. Government contracted an expert facilitator to ensure a fair and productive conversation on the key policy issues. In 2024/25, the cost incurred was \$139,910. No additional costs have been incurred to date.

Question 12- If the measures that were taking place are reducing the unpaid taxes owed, if the measures are actually working

PA-320

Mr. Ellingson, MLA Calgary-Foothills

*Mr. Ellingson: Now I'll ask a couple of questions about unpaid oil and gas property taxes. The report acknowledges that the government is aware of the impact of unpaid property taxes, that a new directive took effect in May 2023 to pay municipal tax arrears in excess of \$20,000, that in December of 2023 the unpaid tax list included approximately \$112 million of unpaid taxes to 56 municipalities. **I'm curious if the measures that were taking place are reducing the unpaid taxes owed.** The report says that you can't compare to the previous years for various reasons. What we do know is that \$112 million in 2023. The RMA has stated that in 2024 that had risen to \$254 million, **so I'm curious if the measures are actually working.***

Department Written Response:

- While most oil and gas companies operating in Alberta pay their property taxes, a small number are consistently failing to do so. This is an ongoing issue we have been working to resolve with the Rural Municipalities of Alberta (RMA) and other stakeholders.
 - Unpaid taxes include both municipal property taxes and the education property tax municipalities collect on behalf of the province.
- Government has already implemented several measures to support municipalities and aid tax recovery, including a directive to the Alberta Energy Regulator (AER) from the Minister of Energy and Minerals (EM) requiring the payment of property taxes as a mandatory condition for the approval of new well licences and well licence transfers between companies (Ministerial Order 043/2023, effective May 1, 2023), and an exception to allow for the transfer of productive assets in tax arrears when the potential transferee has no tax arrears of their own (Ministerial Order 096/2024, effective September 15, 2024).
 - Municipal Affairs supports enforcement of this directive through the quarterly collection of tax arrears data from municipalities. Companies with arrears over the directive's \$20,000 threshold must either pay these amounts or have repayment agreements in place before licensing applications to the AER can be considered.
 - Allowing the transfer of productive assets to responsible companies prevents their transfer to the Orphan Well Association (OWA) and supports tax recovery by putting these assets in the hands of companies better placed to meet the associated property tax obligations (including any past arrears on those assets).
- The directive has achieved some success promoting the recovery of property tax arrears; however, the effect has been limited to operational companies seeking licensing approvals from the AER. The

directive is not able to address insolvent/non-operational companies and operational companies with no plans to develop new wells or transfer well licences.

- Municipal Affairs' data indicates that total net arrears for companies with outstanding balances greater than the directive's \$20,000 threshold remained steady around \$112 million from December 2023 through December 2024.
 - Progress incenting active companies' payment of arrears has been offset by the continued accumulation of arrears for insolvent or defunct companies that continue to incur property taxes despite their inability to pay.
 - Insolvent and/or defunct companies will only ever be able to repay some portion of their tax arrears through the proceeds of insolvency (either by way of bankruptcy or restructuring). These companies will continue to incur arrears so long as their assets remain on the tax rolls and subject to property taxes; government is exploring solutions to this issue.
- It is important to note that the \$254 million figure to the end of 2024 quoted by the RMA includes amounts not reported through Municipal Affairs' quarterly arrears reporting to enforce the AER directive, including significant amounts previously written off by municipalities as uncollectible. These amounts are unlikely to ever be recovered.

Question 13- Were there any significant challenges with the local government fiscal framework replacing the MSI?

PA-320

Mr. Rowsell, MLA Vermilion-Lloydminster-Wainwright

*Mr. Rowsell: Thank you very much. **Were there any significant challenges with the local government fiscal framework replacing the MSI?** You know, if there was, if you can just send that to us in a written form.*

Department Written Response:

- The LGFF replaced the MSI in 2024/25 to allow local governments to prepare for the change.
 - The MSI Capital program budget was set to average \$722 million annually over the last three years of the program to help local governments prepare for the LGFF, which was set to begin at the same level of base funding.
 - In addition, several administrative changes were made to the MSI to facilitate a smoother transition, and department staff continue to work closely with local governments to wrap up the MSI.
- The replacement of the MSI with a legislated framework addressed the need for predictable funding, and tying funding levels to changes in provincial revenues was in direct response to advocacy from local governments and their associations.
 - One of the key challenges with implementation of the new framework was setting the base funding at a level that continues to provide substantial support for local infrastructure, while ensuring overall funding amounts remain sustainable for the province in the long term.

- To address this challenge, the fiscal framework includes the revenue index factor (RIF), which ties funding levels to changes in provincial revenues.
- The RIF was initially set at 0.5, meaning that funding would change at half the rate of changes in provincial revenues. In 2023, the legislation was amended, and the RIF was set to 1.0, enabling local governments to receive full benefit in times of economic prosperity but also share in the risk of economic downturns, something they have strongly advocated for.
- While the 2024/25 transition was relatively smooth, one of the key challenges prior to the implementation of the new program was the development of the allocation formula for the capital component of the program.
 - As part of this process, Alberta Municipalities and the RMA were asked to collaborate to develop a formula to allocate LGFF funding among rural and urban municipalities.
 - The associations were not able to reach consensus; however, they both submitted proposals to the department.
 - Their proposals provided a starting point for the finalized formula, which strikes a balance between the needs of diverse urban and rural municipalities, while ensuring support to the communities with greatest need.
 - To help smooth the transition to the new formula, \$2.2 million in funding was provided to nine municipalities to ensure that no municipality received less funding in 2024/25 than they did in 2023/24.
- To provide operating funding stability during the transition, 2024/25 and 2025/26 LGFF Operating allocations remained fixed at the same level as the MSI allocation; however, the department will be working on implementation of a new LGFF operating allocation formula for the 2026/27 funding year.

Question 14- Can the deputy minister provide further details on the efforts that were made regarding barrier-free design and accessibility?

PA-320

Mr. Rowswell, MLA Vermilion-Lloydminster-Wainwright

*Mr. Rowswell: Then another one. The technical and corporate services division oversees the provincial safety codes and standards system, provides guidance and advice to its system partners, administers a residential protection program, and provides corporate support to the Department of Municipal Affairs. From what I understand, this includes building accessibility. **Can the deputy minister provide further details on the efforts that were made regarding barrier-free design and accessibility?***

Department Written Response:

- Accessibility is an important component of the safety code system. The *Safety Codes Act* encourages the construction of all buildings and homes to include barrier-free access, so persons with physical and sensory disabilities may more easily and safely access and use buildings, facilities, and services.
- In the 2023/24 fiscal year, Municipal Affairs worked towards publication and adoption of the National Building Code – 2023 Alberta Edition, which came into force on May 1, 2024.

- The updated code included improvements for accessibility and fall protection, including:
 - changes for stairs where the horizontal depth of each step was increased, which reduces the likelihood of tripping or falling downstairs; and
 - non-circular handrails, where the increased width and size will improve a person's ability to grip and ascend or descend stairs safely.
- Municipal Affairs published the 2024 Accessibility Design Guide in October 2024, which helps provide context to the building code's accessibility requirements and recommends best practices to support exceeding minimum code requirements and advancing accessibility in our province.
- In May 2024, Municipal Affairs signed a five-year Memorandum of Understanding (MOU) with Accessibility Standards Canada. The MOU encourages supporting each other's respective priorities and establishes a stronger and formal partnership to coordinate focused collaboration in areas of mutual interest.
- Activities being pursued under this agreement include sharing research activities and results, working together on developing standards, and exploring opportunities to align or harmonize accessibility standards, where possible.
- In alignment with the ministry's 2025-28 Business Plan, Municipal Affairs is also exploring additional ways to support accessibility through education, public awareness, and potential future code changes.