

1. **Joe Ceci, MLA-Calgary-Buffalo**

Question Page PA-321

If I can just take you back to my question that I almost got asked. As I understand it, February 11, really, you as a deputy start the ball rolling with other deputies, and AEMA is helpful in terms of previous activity that they've done in preparation for pandemics and the like. My question is, really, from February 11 until about March 17, when society and Alberta businesses were asked to shut down – I guess I'm interested in some of the timeline around that. **At what point, Deputy, did the Premier start to receive operational briefings, either from you or from the deputy of government operations and Executive Council, on this issue?**

Departmental Response:

- DM Wynnyk provided no direct operational briefings to the Premier. DM Wynnyk did provide periodic updates to the Minister of Municipal Affairs and the Deputy Minister of Executive Council.
- Municipal Affairs has no visibility on when operational briefings to the Premier were provided.

2. **Marlin Schmidt, MLA-Edmonton-Gold Bar**

Question Page PA-326

It is a preamble to my next question. I would like it if you could provide the committee in writing, sir, any dated material with respect to outbreaks at Cargill generated by the Municipal Affairs department to the Emergency Management Cabinet Committee.

Departmental Response:

- Municipal Affairs did not generate any briefings on this issue for the Emergency Management Cabinet Committee.

3. Marlin Schmidt, MLA-Edmonton-Gold Bar

Question Page PA-328

On that question, then, can you, I guess, respond to this committee in writing what the provincial inventory of PPE was on February 11; March 14, when we were locked down; and then March 31, year-end? **I would like you guys to respond to us in writing with that information, please.**

Departmental Response:

- Alberta Health and Alberta Health Services were responsible for the management of PPE ordering for the health care system in advance of the COVID-19 pandemic.
- The Provincial Operations Centre (POC) was elevated to Level 3 on March 14, with the establishment of the Personal Protective Equipment (PPE) Task Force beginning operations shortly afterwards.
- The POC held no PPE on February 11, 2020 or March 14, 2020.
- As of March 31, 2020, the POC held in its inventory:
 - 80 units of hand sanitizer;
 - 9,000 masks; and
 - 380,000 pairs of gloves.
- The first shipments of non-health PPE ordered by the PPE Task Force for the pandemic response were received in early April.

4. **Marlin Schmidt, MLA-Edmonton-Gold Bar**

Question Page PA-329

One final question, it's just a request for a response in writing. **If we could have submissions of all the minutes of all of the committee meetings that are referenced on page 65 of the annual report submitted to the committee, I would appreciate that.**

Departmental Response:

- The ministry will not be providing the Deputy Ministers' Public Safety Committee and Assistant Deputy Ministers' Public Safety Committee meeting minutes as they provide confidential advice prepared for various decision-making tables, including Executive Council.

5. **Joe Ceci, MLA-Calgary-Buffalo**

Question Page PA-330:

...MSI changes, cuts to that; downloading of rural policing costs; the decision to cut grants in place of taxes. **My first question, if you can do some work and get back to us, is: based on the work done in the previous year, what is the total funding reduction/increased taxes from these three initiatives projected to be in 2020-21, '21-22, and '22-23?**

Department Response:

- The following table (in millions) outlines the net change for MSI, GIPOT, and rural policing to municipalities for 2020/21.

Program	2019/20	2020/21	Difference
MSI	\$670	\$993	\$323
GIPOT	\$45	\$30	-\$15
Police Funding Model	\$0	-\$15	-\$15
Net Total	\$715	\$1,008	\$293

- MSI funding shows a significant increase in 2020-21 due to an early payment to municipalities of \$400 million in March 2017-18 from each of 2018-19 and 2019-20, to provide additional cash flow to complete capital projects.
- Grant funding amounts in future years will be confirmed as part of Budget 2021.
- Comparing the change in tax rates between 2019 and 2020, over 2/3 of municipalities either decreased their tax rates or increased their tax rates by 3% or less.
 - However, tax rates only provide a limited view of changes in taxation as rates are a factor of both revenue requirements and the available tax base.
 - Municipal considerations when setting tax revenue are more significant than the changes in provincial grant policy identified above, and include service levels, fiscal policy, and any changes in the tax base.
 - For these reasons, it is difficult to assess the impacts of these changes on tax rates, and predict future tax rates due to these changes.
- In 2020-21, the government also introduced two new programs to stimulate the economy through municipal capital infrastructure and help municipalities' respond to the COVID-19 pandemic.
 - The Municipal Stimulus Program (MSP) was introduced as part of Alberta's Recovery Plan and provided \$500 million in capital funding for municipalities to spend on infrastructure projects that would not have proceeded otherwise.
 - The Municipal Operating Support Transfer (MOST) provided \$606 million of operating funding under the Safe Restart Agreement, which is cost-shared between the federal and provincial governments.

6. **Joe Ceci, Calgary-Buffalo MLA**

Question Page PA-330

Just to follow up, downloading that's been done has put significant pressure on municipalities and municipal ratepayers. **What's the ministry's expectation on that performance indicator that I mentioned? How many municipalities are expected to be at risk with regard to their finances in the future as a result of downloading?**

Departmental Response:

- Municipal Affairs recognizes that all governments, including the Government of Alberta as well as municipal governments, are under increasing pressures as a result of the COVID-19 pandemic.
 - The economic impacts of the pandemic have combined with the economic impacts of reduced oil prices and a world-wide economic slowdown to create particularly challenging conditions for all Albertans.
- Municipal Affairs does not expect that provincial decisions regarding provincial programs and services will have any significant negative impact on the number of municipalities that are identified as not meeting the ministry's performance indicators.
 - To the extent that there may be more municipalities flagging on those indicators, it is much more likely that this would be caused by the impacts of the pandemic, global economic slowdown and reduced oil prices.
- The ministry also expects that municipalities will make adjustments in their programs and services, just as all governments must, to adapt to current and future challenges.
- The ministry will continue to monitor this situation on an ongoing basis, and to offer supports to communities facing viability challenges.

7. **Joe Ceci, MLA-Calgary-Buffalo**

Question Page PA-330

... municipalities are on the verge of bankruptcy in some cases because companies won't pay. **I'd love to hear from your ministry: what work has been done on this problem, and what are your plans going forward? If your ministry's perspective can be shared in a response. If companies decide not to pay their taxes, what is this ministry doing to step up to the plate and help municipalities fix that problem?**

Departmental Response:

- Government recognizes that the oil and gas industry continues to struggle due to a number of factors, including depressed market conditions and high operating expenses. At the same time, we are aware that municipalities are dependent on property tax revenue to provide essential municipal services and programs.
- To date, Municipal Affairs has established the Provincial Education Requisition Credit (PERC) and the Designated Industrial Requisition Credit (DIRC) programs to provide affected municipalities with a credit, equal to the designated industrial property requisition or the provincial education requisition associated with taxable properties delinquent in payment of property taxes.
- The ministry will also provide information to municipalities on how to use the current tools in the *Municipal Government Act* (MGA) to recover debts owing, such as getting a judgment under the *Civil Enforcement Act*. The MGA makes it clear that unpaid taxes are a debt owed to municipalities.
- The government will continue to assess whether additional tools would be effective in assisting municipalities in collecting unpaid taxes, ensuring oil and gas companies contribute to municipal revenue requirements in a fair and stable manner.
- Government remains committed to supporting our economy – and municipalities – through Alberta's Recovery Plan and other policies to encourage investment and job creation.

8. **Joe Ceci, MLA-Calgary-Buffalo**

Question Page PA-330

...the assessment review model. On page 31 it's referenced that your ministry is undertaking that. The new model was meant to be in place for '21. However, the new minister has made a step back with regard to that, and municipalities and industry, you know, are both unhappy. I guess you could say that that's a good political outcome. This minister also stated that she's pushing this issue off for three years. **My question is: what will be done over the next three years to address the assessment model review, and how will it be different than today?**

Departmental Response:

- Taking into account the current economic uncertainty, as well as the constructive suggestions received from municipalities and industry over the past two months, the following government decisions have been made:
 - In order to encourage new investment, there will be a three-year “property tax holiday” for all new well and pipeline assets; these properties will receive an assessment of zero for the next three years.
 - To further stimulate new drilling activity, the Well Drilling Equipment Tax (WDET) will be eliminated beginning in January, 2021.
 - Additional depreciation adjustments will be provided for lower-producing wells; this is expected to result in a reduction of approximately \$21 million in municipal taxes and \$7 million in education taxes province-wide.
 - To promote continued viability of existing assets and companies, the shallow gas assessment reduction of 35 per cent will also be maintained for the next three years.
- These measures are intended to support Alberta's economic recovery and provide much-needed certainty to industry, investors, municipalities, and other property taxpayers for the next three years.
- Government will be assessing the need for future reviews of assessment models for all regulated property types, including the timing and process for such reviews.

9. Richard Gotfried, MLA-Calgary-Fish Creek

Question Page PA-330

Page 81 of the annual report has information regarding the 911 grant. **Does the department have any performance measures or indicators for the \$17.1 million granted to the 20 call centres in 2019-2020, and how has the information informed subsequent decisions with respect to 911 services?**

Departmental Response:

- Public Safety Answering Points (PSAPs) are required to provide an annual Statement of Funding and Expenditures (SFE) to indicate how 911 grant funding was spent.
 - The PSAPs are required to account for grant funding received against the functional categories listed in the 911 guidelines.
 - All reported expenditures are reviewed by the 911 Unit to ensure compliance with the grant program guidelines.
 - The 911 Grant Program Guidelines are updated as required to ensure that the 911 system remains viable and that funding may be spent on new technologies and processes.
- All PSAPs are using 911 Grant Program funding to pay for critical staff or enhancements in their centres.
 - For example, the 911 centre in Edmonton used a portion of their funding to build a second centre that answers calls 24/7.
 - This dual site model, made possible by 911 Grant Program funding, is now a leading practice in Canada.
- The 911 Program tracks how PSAPs are spending their funding each year. In fiscal year 2019-20, 911 Grant Program funding was spent in the following ways by PSAPs:
 - \$10,961,000 supported staffing costs, representing 64.1 per cent of total funding.
 - \$1,793,000 supported 911 system enhancements and next generation 911 capabilities, representing 10.5 per cent of total funding. This included delivery, installation and maintenance of next generation 911 capabilities and systems to introduce text with 911.
 - \$3,324,000 supported software acquisition and upgrades, representing 19.5 per cent of total funding.
 - \$191,000 supported technology hardware acquisitions and upgrades, representing 1.1 per cent of total funding. This includes installation, maintenance and support for computers, phone systems, voice recorders and accessibility devices for callers who are deaf, hard-of-hearing and speech impaired.
 - \$676,000 supported facility upgrades to enhance reliability or comply with provincial 911 Standards, representing 4 per cent of total funding.
 - \$136,000 supported operational costs and employee training, representing 0.8 per cent of total funding.

10. Devinder Toor, MLA-Calgary-Falconridge

Question Page PA-330,331:

Information regarding the Surface Rights Board and its backlog of section 36 rental recovery applications begins on page 99 of the annual report. One comment in particular caught my eye. The report states on page 99 that “the highest priority for the four boards is a relatively new problem: the backlog in Section 36 applications.” Given that the report states that a number of steps have been taken to address the backlog, including the reallocation of staff, **what is the current state of the backlog? What targets for the completion have been established? Has the department been effective in processing noncomplex files within 90 days? What other targets exist for the types of applications such as complex files? The report identifies having a lack of experienced board members as a factor in the late release of decisions. What is being done to ensure this gap is closed?**

Departmental Response:

- It is important to differentiate between section 36 applications and the other types of applications that are heard by the Surface Rights Board (SRB).
- Dealing with section 36 applications, in March of 2020, \$1.7 million was allocated to the SRB to address the timely processing of these applications.
 - The backlog in unacknowledged applications was eliminated in August 2020.
 - The backlog in repeat applications was eliminated in September of 2020.
 - There are currently 5,101 files in the backlog.
 - The target date to eliminate the backlog in unprocessed applications is March 31, 2021.
- Approximately 20 percent of all section 36 applications would be classified as complex. The factors for why these files require special treatment is beyond the control of the Board.
 - In many cases, landowners do not provide enough evidence to establish who is rightfully entitled to relief or what amount of money is owed.
 - In other cases, there is a dispute between operators as to who is responsible. Staff work with the parties to provide as much evidence as is available.
 - These files require a full hearing similar to all other applications before the SRB.
- For all other SRB files, including complex section 36 files, there is a target of 90 days from hearing to decision for routine matters and 120 days for complex matters. The progress of files is tracked and files where the targets have been exceeded are addressed by the Chair.
 - Certain types of files are more time sensitive. For Right of Entry, the turn-around time from application to decision is usually one week.
 - However, there are files which will set important precedents and will no doubt be challenged through judicial review. For those critical files, there is no target.
- It takes a minimum of three years experience for new members to be fully trained. During this period, new members are assigned to panels with an experienced Chair. The number of experienced members has declined through a combination of resignations and expiration of the 12 year maximum term.
- The problem has been addressed in the short term with the appointment of six new members in January of 2020.
- The legislative amalgamation of the Boards will result in the cross-appointment of all members, which will also greatly enhance our ability to close the gap.

11. Garth Roswell, MLA-Vermilion-Lloydminster-Wainwright

Question Page PA-331

Mr. Rowswell: With regard to the municipal accountability program can the department explain the value that the program offers Albertans and municipalities, and **can the department explain how conducting reviews of all municipalities with populations under 5,000 will save us money going forward instead of selective inspections later on?**

Departmental Response:

- Introduced in 2018, the Municipal Accountability Program (MAP) provides support to smaller Alberta municipalities in understanding and meeting their legislated obligations. The program helps ensure that Albertans are served by strong, knowledgeable and efficient local governments.
- Under MAP, the ministry meets with individual municipalities, and helps them identify and address any areas where they may not be fully meeting their legislated obligations. These reviews help address small deficiencies in legislative compliance before they become large and unmanageable and generate distrust of local government within the community.
- Since the introduction of MAP, the ministry has not conducted any formal inspections.
- In the five calendar years prior to MAP's introduction (2014 to 2018), the ministry undertook nineteen inspections, with the contracting costs totaling \$938,675. In the five years prior to that, there were twenty-three inspections undertaken, with the contracting costs totaling \$580,348.
 - Inspections are typically carried out by an independent consultant and costs for inspections have ranged from \$50,000 to \$74,000 each, with costs continually escalating depending on the size of municipality and severity of issues.
 - Each inspection may take up to a year to complete before the results are released to council and the public. It then often takes over a year for any issues to be corrected.
- In contrast, a municipal accountability review report is prepared within a month of the municipal visit, and the municipality typically has a year to address any of the legislative deficiencies.
- Municipal accountability reviews are undertaken by ministry staff with minimal expenses incurred.
- As part of the ministry's red tape reduction efforts, MAP was revised for the 2020/21 fiscal year.
 - The population threshold for participation was decreased from 5,000 to 2,500, and the review cycle was increased from every four years to every five years.
 - These changes resulted in a reduction of the number of municipalities receiving a review to further save program costs, while still providing important support to those municipalities with the most significant resource challenges.

12. Jason Stephan, MLA-Red Deer-South

Question Page PA-331

Many municipalities repeatedly allow their operating expenses to exceed inflation and population growth. Page 17 of the annual report speaks to a desired outcome for fiscally responsible and accountable local governments. **How does the ministry support accountability for municipalities to be good stewards of taxpayer dollars?**

Departmental Response:

- Municipal Affairs recognizes the importance that Albertans place on fiscally responsible and accountable local government, especially given the current economic reality facing the province and its residents.
 - However, the ministry also recognizes that local municipal councils are elected by local residents to make decisions on behalf of their communities, and the ministry is very mindful of the autonomy of local governments to make these decisions.
- As a result, the ministry's efforts to support accountability and good fiscal stewardship are generally focused on ensuring transparency of council decisions, and setting a basic framework in which all municipalities must operate. Key aspects of this approach include:
 - Municipalities are required to annually adopt operating and capital budgets in public meetings which must include specific criteria. In addition, municipalities are not permitted to have a deficit budget.
 - Each municipality prepares annual audited financial statements, which provide an accounting of the use of financial resources during each fiscal year. These financial statements must be completed by May 1 of each year for the immediately preceding year and must be made available to the public and to the ministry.
 - Municipalities are required to adopt three-year operating plans and five-year capital plans.
 - Municipal borrowing must be within the debt limit thresholds provided by regulation.
 - The ministry provides financial advisory services and training initiatives to assist municipalities in understanding and fulfilling their legislated obligations.
- In addition, the ministry is expecting to launch a new Municipal Measurement Index (MMI), an on-line tool that will allow Albertans to easily access information on their municipality's performance, and compare this data to other Alberta municipalities.
 - The MMI fulfills a government platform commitment.

13. Mr. Roger Reid, MLA-Livingstone-Macleod

Question Page PA-331

Back to annexation, given the possible contentiousness of the appeal process, **how does the board inform the public and other interested parties about any possible annexations before the board?**

Departmental Response:

- There is an extensive process mandated by legislation to ensure interested parties are informed.
 - The initiation of an annexation begins with written notice of the proposed annexations to all affected municipal authorities, which must include proposals for consultation with the public and meetings with landowners.
 - The municipality is required by law to enter into negotiations with affected parties and to provide a report on the success those negotiations, which includes a description of the public consultation processes and a summary of the views expressed during those consultations.
- The Board itself notifies any and all parties who would be affected by the annexations and provides an opportunity to file an objection.
- If objections are filed, the Board has the power to investigate and a requirement to hold a public hearing to allow any affected party to appear.
- The specifics for how notification of a public hearing is provided also exists in legislation.

Additional Revision Requested

Page PA-321

Mr. Bayne: *The budgets for those infrastructure studies range depending on, you know, the size of the municipality and the complexity, but I would say that that's in the typical range. Some of them go up to \$200,000.*

Departmental Response:

- Funding is provided through the Alberta Community Partnership – Municipal Restructuring component to support municipalities to remain sustainable. Within this component, funding is available for infrastructure studies for viability reviews (maximum of \$120,000), and regional governance studies related to proposed amalgamations (maximum of \$200,000).