

GOVERNMENT OF ALBERTA

Annual Report

Municipal Affairs

2021-2022

Ministry of Municipal Affairs, Government of Alberta | Municipal Affairs 2021-2022 Annual Report
©2022 Government of Alberta | Published: June 2022

ISBN 978-1-4601-5416-8

ISSN 1925-9247

Note to Readers: Copies of the annual report are available on the Alberta Open Government Portal website
www.alberta.ca

Table of Contents

- Preface 2**
- Minister’s Accountability Statement 3**
- Message from the Minister 4**
- Management’s Responsibility for Reporting..... 5**
- Results Analysis 7**
 - Ministry Overview 8
 - Key Highlights in the Past Year 12
 - COVID-19/Recovery Plan..... 16
 - Red Tape Reduction..... 19
 - Performance Measure and Indicator Methodology 113
- Financial Information 127**
 - Reporting Entity and Method of Consolidation 128
 - Ministry Financial Highlights 129
 - Supplemental Financial Information 133
 - Financial Statements of Other Reporting Entities 139
- Annual Report Extracts and Other Statutory Reports 195**

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries.

The Annual Report of the Government of Alberta contains Budget 2021 Key Results, the audited Consolidated Financial Statements and Performance Results, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Municipal Affairs contains the minister's accountability statement, the financial information of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- the financial statements of entities making up the ministry including the Department of Municipal Affairs, and the provincial agencies for which the minister is responsible;
- other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report; and
- financial information relating to trust funds.

Each ministry annual report should be considered along with the Government of Alberta Annual Report to provide a complete overview of government's commitment to openness, accountability and fiscal transparency.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2022, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at June 6, 2022 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by]

Ric McIver

Minister of Municipal Affairs

Message from the Minister



For the second year, Albertans and their government have navigated the challenges of the COVID-19 pandemic and we have seen our world through this lens. While the pandemic has shaped much of our daily lives, I am heartened by the fact it has not distracted Municipal Affairs from delivering on our day-to-day services for Albertans or from our focus and progress on long-term goals.

Looking back, I see the vision for our province and communities clearly reflected in the achievements detailed in the Municipal Affairs 2021-22 Annual Report. Together with our many partners, we addressed immediate challenges and took meaningful steps forward in realizing the strategic commitments in the ministry's business plan to build stronger, safer Alberta communities.

The pandemic was a factor, of course, and Municipal Affairs continued to play a significant role in the Government of Alberta's response. We led the Personal Protective Equipment Task Force to coordinate and manage the procurement, storage, and distribution of personal protective equipment provided to non-healthcare stakeholders, including masks for schools.

The pandemic and the continued economic downturn brought the dual impact of added expenses and reduced revenues for many Alberta communities. We helped municipalities address these challenges by providing financial support through the Municipal Operating Support Transfer; the Municipal Stimulus Program; and other grant programs, including the Municipal Sustainability Initiative. The significant dollars provided through these programs helped to stimulate local economies, build much needed infrastructure, and keep people working.

In the midst of many pandemic-related activities, the ministry continued to play a central role in guiding Alberta municipalities in their responsibilities. We advised local governments to help them focus on delivering services to Albertans, while streamlining regulatory requirements to boost their administrative efficiency. We strengthened accountability and transparency through the Municipal Accountability Program, the municipal inspection process, and the annual municipalities' measurement index.

Perhaps the most notable events of 2021-22 for Alberta municipalities were the October municipal elections. Thousands of Albertans put their names forward for municipal councils across the province in the elections, and I thank them all for their candidacy and congratulate everyone, elected or not. We have a lot of work ahead of us.

As demonstrated by these few highlights, Municipal Affairs has a diverse range of responsibilities, and I am pleased to offer this report on the work we undertook throughout 2021-22. As we safely move forward, I hope you will join me in looking forward to the prosperity that lies ahead in the brighter days to come. Together, in partnership with Albertans and their municipalities, we are already heading in the right direction.

[Original signed by]

Ric McIver
Minister of Municipal Affairs

Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Special Areas Board and six improvement districts, which are accountable to the minister. A seventh improvement district, the Kananaskis Improvement District, is administered by the Ministry of Environment and Parks.

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services Division, the Technical and Corporate Services Division, the Alberta Emergency Management Agency, and the Land and Property Rights Tribunal.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the accompanying ministry financial information and performance results for the ministry rests with the Minister of Municipal Affairs. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, which includes the financial information, performance results on all objectives and initiatives identified in the Ministry Business Plan, and performance results for all ministry-supported commitments that were included in the 2021-24 Government of Alberta Strategic Plan. The financial information and performance results, out of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliable** – Information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- **Understandable** – the performance measure methodologies and results are presented clearly.
- **Comparable** – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Complete** – outcomes, performance measures and related targets match those included in the ministry's Budget 2021.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;

- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Municipal Affairs the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by]

Brandy Cox
Deputy Minister of Municipal Affairs

June 6, 2022

Results Analysis

Table of Contents

Ministry Overview	8
Ministry of Municipal Affairs	8
Department of Municipal Affairs	8
Support Services	10
Other Entities	10
Key Highlights in the Past Year	12
Discussion and Analysis of Results	16
COVID-19/Recovery Plan.....	16
Red Tape Reduction.....	19
Outcome One: Alberta’s local governments encourage and support economic prosperity	19
Outcome Two: Albertans live in viable municipalities and communities with fiscally responsible, collaborative, and accountable local governments.....	26
Outcome Three: Albertans are protected with safe buildings, homes, and communities.....	66
Outcome Four: Alberta is emergency-ready and resilient to the impacts of disasters.....	76
Land and Property Rights Tribunal: Albertans receive fair, timely, and well-reasoned decisions from the Land and Property Rights Tribunal.....	102
Performance Measure and Indicator Methodology	113

Ministry Overview

Ministry of Municipal Affairs

Municipal Affairs assists municipalities in providing well-managed, accountable local government to Albertans. The ministry also fosters stronger, safer communities across the province, and enables local governments to facilitate Alberta's economic prosperity.

The ministry consists of the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Special Areas Board and six improvement districts, which are accountable to the minister.

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services Division, the Technical and Corporate Services Division, the Alberta Emergency Management Agency, and the Land and Property Rights Tribunal.

Department of Municipal Affairs

Municipal Assessment and Grants Division

The Municipal Assessment and Grants Division develops the policies and procedures for property assessment; reviews and audits municipal property assessments; and prepares designated industrial property assessments, composed of linear and industrial properties, for all municipalities.

The division also administers the Municipal Sustainability Initiative and federal Canada Community-Building Fund, along with other grant programs; develops new grant programs such as the Local Government Fiscal Framework; prepares equalized assessments for each municipality; and administers the education property tax requisitioning program on behalf of the province.

Municipal Services Division

The Municipal Services Division supports municipalities in meeting their mandate to provide accountable and effective local government to Albertans. The division provides support services and advice to municipalities in line with the ministry's Municipal Sustainability Strategy; manages the ministry's primary legislation governing municipalities – including the *Municipal Government Act*, the *Local Authorities Election Act*, and the *Special Areas Act* and their associated regulations; leads policy initiatives relating to municipal provincial relations; and coordinates the ministry's stakeholder relations with key municipal associations at major conferences and regional meetings.

The division includes the Public Library Services Branch, which administers the *Libraries Act*, supports the province-wide Public Library Network in the provision of library services, and provides operating funding to municipal and regional library system boards. Funding enables municipal and regional libraries to share physical and electronic library resources across the province, with the goal of equitable library access for all Alberta residents, including Indigenous populations and print-disabled Albertans.

Technical and Corporate Services Division

The Technical and Corporate Services Division oversees a system of safety codes and standards, provides guidance and advice to safety codes system partners, administers the Residential Protection Program, and provides corporate support to the Department of Municipal Affairs.

The division administers the *Safety Codes Act*, which establishes a unifying framework in 10 safety disciplines that allows for the adoption of codes, issuance of permits, and the capacity to conduct inspections. It also supports safety codes system partners by providing guidance and advice on safety code interpretations to municipalities, industry, and the public. The Residential Protection Program is responsible for overseeing

and enforcing the *New Home Buyer Protection Act*, which establishes regulatory requirements for mandatory new home warranties and builder licensing.

To support the safety codes system, the division oversees:

- the Safety Codes Council, which accredits municipalities, corporations, and agencies to administer the *Safety Codes Act* and certifies safety codes officers;
- the Alberta Boilers Safety Association; and
- the Alberta Elevating Devices and Amusement Rides Safety Association.

The Corporate Strategic Services Branch is responsible for all the ministry's non-financial corporate functions including policy, planning, legislation, and coordinating the ministry's involvement on cross-ministry initiatives. The branch leads the ministry's business planning, operational planning, annual reporting, and enterprise risk management processes. It is also responsible for the ministry's emergency planning program, along with accommodation and facility planning activities.

Alberta Emergency Management Agency

The Alberta Emergency Management Agency works with its emergency management partners to provide a province-wide emergency management system that protects Albertans, their property, and the environment against hazards. This includes helping coordinate provincial emergency or disaster response and recovery activities, and providing direct assistance to local authorities when required. The agency provides strategic policy direction and leadership through the coordination of emergency management programs that include aspects of mitigation, prevention, preparation, response, and recovery.

The Alberta Emergency Management Agency supports the continuous improvement of Alberta's emergency management system and assists with the development of sustainable emergency management capabilities; delivery of provincial emergency social services; and supports to local 911 operators, Alberta First Responders' Radio and Communications System, and amateur emergency radio operators throughout Alberta. The agency also collaborates with provincial, territorial, federal, and international stakeholders to promote a comprehensive approach to emergency management that enhances the safety of all Albertans.

Land and Property Rights Tribunal

The Land and Property Rights Tribunal delivers fair, impartial, and well-reasoned decisions and recommendations on matters such as designated industrial property assessment, commercial and multi-residential property assessment, subdivision appeals, development appeals, and annexations. The tribunal grants right of entry and resolves compensation disputes involving expropriation and surface rights matters. The tribunal also provides parties with a robust dispute resolution process to help resolve disputes prior to a formal hearing. Finally, the tribunal supports municipalities by providing certification training for board members and clerks for assessment review boards and subdivision and development appeal boards across Alberta.

The Land Compensation Board, Municipal Government Board, New Home Buyer Protection Board, and Surface Rights Board were amalgamated into the Land and Property Rights Tribunal on June 2, 2021, pursuant to the *Land and Property Rights Tribunal Act*.

Support Services

Financial Services

Financial Services is responsible for coordinating the budget, forecast, and financial reporting for the ministry. Its responsibilities also include oversight and guidance on the financial internal controls, expenditure officers, and contracting.

Human Resources Services

Human Resources Services – provided by the Public Service Commission – plans, develops, and delivers the department’s strategic human resource programs, as well as day-to-day human resource services. Its responsibilities include promoting strategic planning in alignment with business goals and objectives, supporting the attraction and engagement of high-calibre staff, and building employee capacity to achieve business plan goals.

Legal Services

Legal Services is a resource provided by the Ministry of Justice and Solicitor General that delivers legal services to the ministry’s divisions and associated boards. The branch’s responsibilities include participating in special projects, reviewing legislation and regulations, offering legal advice and written opinions, and preparing and reviewing legal documents.

Communications

The Communications Branch is a resource provided by Communications and Public Engagement in the Ministry of Treasury Board and Finance. The branch provides strategic communications advice, consulting services, and planning and support to the minister, deputy minister, and ministry staff to communicate effectively with stakeholders, the media, and Albertans. The branch also provides issues management, writing and editing, and media relations services.

Other Entities

Safety Codes Council

The Safety Codes Council is a corporation established under the *Safety Codes Act*. The council’s responsibilities include:

- working with industry, municipalities, and other stakeholders through technical sub-councils to review codes and standards and advise the minister on safety codes policy;
- accreditation activities, including accrediting municipalities and corporations to administer the *Safety Codes Act* in their jurisdictions – and accrediting agencies that can provide safety codes officers to municipalities and corporations under contract;
- overseeing permit and inspection activities, including for storage tank systems, in unaccredited municipalities through the Alberta Safety Codes Authority;
- certification activities, including training and certifying safety codes officers who enforce the *Safety Codes Act*, and certifying master electricians; and
- administering an appeals process for decisions made under the *Safety Codes Act*.

Special Areas Board

The Special Areas Board – appointed by the Lieutenant-Governor in Council – is responsible for the administration of 2.5 million acres of public land in southeast Alberta and for the provision of municipal services to residents of this rural region. The board applies land-stewardship policies that are particularly suited to the sustainability of public lands in this ecologically fragile part of the province.

Improvement Districts

Municipal Affairs provides limited municipal services in six improvement districts, including: Waterton Lakes National Park; Banff National Park; Jasper National Park; Elk Island National Park; Wood Buffalo National Park; and Willmore Wilderness Park. The Government of Alberta, through Municipal Affairs, manages all local government functions – including the levy and collection of taxes – for the improvement districts, unless a local council has been elected. A seventh improvement district, the Kananaskis Improvement District, is administered by the Ministry of Environment and Parks.

Delegated Administrative Organizations

Alberta Boilers Safety Association

The Alberta Boilers Safety Association administers and delivers safety programs related to boilers, pressure vessels, and pressure piping systems in Alberta. The association's safety codes officers review and register designs, conduct inspections, and issue permits. The association also certifies pressure welders, inspectors, and power engineers for the operation of power or heating boilers.

Alberta Elevating Devices and Amusement Rides Safety Association

The Alberta Elevating Devices and Amusement Rides Safety Association administers and delivers safety programs related to elevating devices, amusement rides, and passenger ropeways (such as ski lifts). The association's safety codes officers review and register designs, conduct inspections, and issue permits.

Key Highlights in the Past Year

In 2021-22, the Ministry of Municipal Affairs delivered on the commitments in its 2021-24 business plan, and continued its day-to-day operations to support Albertans, Alberta municipalities, and other stakeholders. The worldwide COVID-19 pandemic remained at the forefront, influencing the ministry's work. Despite progress on the mitigation of COVID-19, the pandemic continued to impact Albertans, the economy, and the work of governments at all levels.

Responding to the COVID-19 Pandemic

In response to the COVID-19 pandemic, the Government of Alberta utilized its powers under the *Public Health Act* to declare a public health emergency from September 15, 2021, through to December 14, 2021. These public health orders minimized the impacts of the pandemic on Albertans and were regularly updated to reflect new and emerging data, such as COVID-19 vaccines and variants.

While the Ministry of Health and Alberta Health Services led the government's response to the pandemic, Municipal Affairs, through the Alberta Emergency Management Agency, was responsible for supporting a number of non-healthcare initiatives. Some of these initiatives were supporting the kindergarten-to-Grade 12 education sector by providing masks for schools; leading the Personal Protective Equipment Task Force to coordinate and manage the procurement, storage, and distribution of personal protective equipment provided to non-healthcare stakeholders; and leading the Vaccine Task Force to review and enhance the province's vaccine plan.

In 2020, through the Municipal Stimulus Program, the Government of Alberta allocated \$500 million of capital infrastructure funding to municipalities and Metis Settlements in response to the severe slowdown in economic activity due to the COVID-19 pandemic. The program was designed to fund capital projects constructed during 2020 and 2021, with the intent that the funding would be fully expended by December 2021. While \$500 million was allocated, only \$499 million was committed by municipalities to accepted projects.

Major Initiatives and Projects

Progress was made on major initiatives and projects identified in the ministry's 2021-24 business plan, including:

- continuing to work with municipalities to strengthen regional planning and service delivery through regional governance mechanisms such as intermunicipal collaboration frameworks and growth management boards;
- providing predictable, long-term infrastructure funding for municipalities through the Municipal Sustainability Initiative;
- supporting municipalities in continuing to strengthen municipal accountability and transparency through the Municipal Accountability Program, the municipal inspection process, and the annual Alberta Municipal Measurement Index;
- streamlining regulatory requirements in municipal legislation and regulation hampering administrative efficiencies for municipalities;
- reducing provincial trade barriers in safety and construction codes;
- ensuring Albertans have access to 911 services and that emergency public alerting services are technologically current and agile; and
- delivering an efficient and impartial appeals process for land planning, compensation, assessment, and other matters referred to the ministry's Land and Property Rights Tribunal.

Supporting Economic Recovery

To support Alberta's economic recovery and protect jobs in communities throughout the province, the following measures – announced in October 2020 – were implemented to provide much-needed certainty to industry, investors, municipalities, and other property taxpayers for the next three years:

- to encourage new investment, a three-year property tax exemption was instituted for all new well and pipeline assets; these properties will receive an assessment of zero for the 2022, 2023, and 2024 property tax years. This will be a savings to industry of approximately \$10-12 million per year in municipal taxes, and approximately \$3 million in education taxes.
- to continue to stimulate new drilling activity, the Well Drilling Equipment Tax rate was set at zero. This change provided approximately \$30 million in savings for industry in 2021.
- additional depreciation adjustments were provided for lower-producing wells. This is expected to result in a reduction of approximately \$19.5 million in municipal taxes and \$8 million in education taxes province-wide.
- to promote continued viability of existing assets and companies, the previously introduced shallow gas assessment reduction of 35 per cent will also be maintained for the next three years.

Designated Industrial Property Assessment

Full centralization of designated industrial property assessment was completed in 2018, and all the municipal assessment functions have been integrated into one provincial centralized system under the guidance and direction of the provincial assessor in Municipal Affairs. At the end of the 2021-22 fiscal year, municipal assessment preparation for designated industrial property had been integrated into the provincial assessor's office in 200 out of 228 (88 per cent) of affected municipalities. The ministry remains committed to working collaboratively with municipalities and other stakeholders, including through an executive advisory group that regularly brings together leaders from industry and municipal associations to share information and to seek advisory input from stakeholders.

Municipal Elections

General municipal elections are held every four years in Alberta. A great deal of effort goes into preparing for a general municipal election. The 2021 general municipal election was more complex than a standard municipal election year for a number of reasons, including:

- changes to financial tracking for candidates, regulating third-party advertisers and adapting to a longer nomination period;
- the addition of the provincial Senate election and referenda;
- a greater number of municipalities using alternative voting equipment and special ballots; and
- conducting elections during the COVID-19 pandemic.

Grant Programs and Municipal Funding

Grant programs and municipal funding continued to be important elements of the ministry's work. In 2021-22, Municipal Affairs provided Alberta communities with funding through several different programs, including:

- \$1.2 billion in capital funding through the Municipal Sustainability Initiative Capital program;

- \$29.1 million in operational funding through the Municipal Sustainability Initiative Operating program;
- \$25.4 million (adjusted in-year to \$26.6 million) in funding through the Alberta Community Partnership;
- \$497.7 million through the Canada Community-Building Fund (formerly the federal Gas Tax Fund);
- \$452.1 million in Municipal Stimulus Program funding was paid to municipalities in 2021-22; and
- the Grants in Place of Taxes program provided \$28.9 million in funding to 167 municipalities on behalf of more than 4,700 Crown properties.

Quality Assurance Framework

In Alberta, the public safety codes system includes all of the activities under the *Safety Codes Act* and *New Home Buyer Protection Act*, safety codes and standards, and numerous stakeholder partnerships involved in administering the legislation, that work to make sure Albertans are protected in their communities. In 2021-22, work continued on initiatives under the quality assurance framework, a policy document that articulates roles, responsibilities, and overall expectations of all safety codes system partners and identifies five desired outcomes for the safety codes systems:

1. effective oversight of safety codes system delivery;
2. clearly-defined roles and expectations;
3. risk-based strategic priorities informed by data;
4. collaboration with partners/stakeholders in the safety codes system; and
5. an accountable safety codes system through a defined system of monitoring.

The Provincial Operations Centre

The Provincial Operations Centre provides central communication and coordination for the Government of Alberta during emergencies and disasters. The centre is staffed 24 hours a day, seven days a week to respond to requests for information and assistance from municipalities and other Government of Alberta ministries. There are four operational levels, with elevation of levels dependent on the severity of the emergency event. In 2021-22, the Provincial Operations Centre was elevated to offer ongoing support for the COVID-19 pandemic response, and as part of its normal business, support for wildfires and flooding events. The Provincial Operations Centre's COVID-19 response augmented the work being done through Health's Emergency Operations Centre, which was the lead for the government's pandemic response.

Disaster Financial Assistance

The Disaster Recovery Program provides financial assistance for uninsurable loss and damage caused by emergencies and disasters. Municipalities affected by a disaster can apply for a disaster recovery program and if the event meets program criteria, the application is approved and affected residents and businesses in the municipality may apply for financial assistance. In 2021-22, two disaster recovery programs were established and two municipalities were added to an existing disaster recovery program. The Government of Alberta approved \$27 million to support communities impacted by flooding events across the province.

Land and Property Rights Tribunal

When the rights of citizens are impacted by government decisions or where there is conflict between the competing interests of individuals, industry, or municipalities, the Land and Property Rights Tribunal provides Albertans with fair, timely, and well-reasoned decisions on a variety of different matters including land-use planning, assessment, development, and compensation disputes involving surface rights and expropriation. The overriding consideration and the true measure of the success of the tribunal is that parties who appear before it feel that, win or lose, they have been treated fairly. The tribunal's key objectives include:

- providing efficient, fair, and impartial appeals and advisory processes;
- assisting parties with resolving their disputes by providing effective alternative dispute resolution and mediation services;
- providing certification training and support to municipal assessment review boards and subdivision and development appeal boards; and
- strengthening the rights of landowners and operators to fair and timely decisions on surface rights matters.

Discussion and Analysis of Results

COVID-19/Recovery Plan

In 2021-22, Municipal Affairs, together with its municipal partners, continued to demonstrate resiliency, adaptability, and determination in responding to the challenges of the ongoing COVID-19 pandemic.

Non-Healthcare Initiatives

While the Ministry of Health and Alberta Health Services led the government's response to the pandemic, Municipal Affairs, through the Alberta Emergency Management Agency elevated its Provincial Operations Centre, and was responsible for supporting several non-healthcare initiatives, including:

- providing funding for the Commercial Isolation Hotel program that supported Albertans who did not have a safe place to isolate and were experiencing COVID-19 symptoms. Municipal Affairs provided \$2.7 million in 2020-21, and \$9.2 million in 2021-22 for this initiative, which was delivered by Alberta Community and Social Services.
- supporting the K-12 education sector by providing masks for schools;
- leading community outreach tables to support vulnerable populations in Edmonton and Calgary;
- leading the Personal Protective Equipment Task Force to coordinate and manage the procurement, storage, and distribution of personal protective equipment provided to non-healthcare stakeholders; and
- leading the Vaccine Task Force to review and enhance the province's vaccine plan.

(More information on these initiatives can be found under Key Objective 4.1.)

Municipal Stimulus Program

Further, through the Municipal Stimulus Program, the Government of Alberta allocated \$500 million of capital infrastructure funding to municipalities and Metis Settlements in response to the severe slowdown in economic activity due to the COVID-19 pandemic. The program was designed to fund capital projects constructed throughout 2020-21, with the intent that the funding would be fully expended by December 2021.

While \$500 million was allocated, only \$499 million was committed by municipalities to accepted projects. In 2020, \$46.9 million was paid to municipalities, and the remaining \$452.1 million paid in 2021. This indicates that most of the project activities occurred in 2021, helping to support local jobs and economic growth in Alberta's communities. (More information on this program can be found under Key Objective 1.2.)

Adapting to COVID-19

Meeting Procedures (COVID-19 Suppression) Regulation / virtual council meetings

The ministry developed and implemented the Meeting Procedures (COVID-19 Suppression) Regulation, which enabled councils to meet virtually without the public in physical attendance.

The Minister of Municipal Affairs also issued multiple Ministerial Orders extending timelines for various municipal activities (e.g., financial reporting, appeal processes) to enable local governments to focus resources on supporting their communities through the early stages of the pandemic. As a result, municipalities were able to hold council meetings virtually, with virtual public attendance, and thus comply with public health orders prohibiting large public gatherings.

In addition, municipalities were able to defer non-urgent administrative work while they focused on pandemic response. While much of this work was done in 2020-21, the benefits continued into the 2021-22 fiscal year.

Municipal Accountability Program

The goal of the Municipal Accountability Program is to build municipal administrative capacity and help municipalities comply with mandatory legislative and regulatory requirements. The program consists of multi-year cyclical reviews and in 2021-22, 40 reviews were conducted. As a result of the COVID-19 pandemic, Municipal Accountability Program reviews in the 2021-22 fiscal year were conducted virtually rather than in person. While virtual visits presented various challenges – primarily for small communities with poor internet connectivity – Municipal Affairs successfully conducted all its scheduled reviews. (More information on this program can be found under Key Objective 2.2.)

Training for Public Library Stakeholders

Public libraries across Alberta responded to the COVID-19 pandemic by adapting their programs and services to comply with any existing public health regulations, and to ensure the safety of library users and staff. However, library stakeholders still needed to receive essential information to help them support their libraries and communities, even when they could not gather for in-person training. To respond to this need, the ministry has delivered its training to public library stakeholders online since the beginning of the COVID-19 pandemic. In 2021-22, staff delivered more than 50 online training sessions or virtual conference presentations, including an online symposium on resiliency, disaster planning, and business continuity in April 2021. (More information on training for public library stakeholders can be found under Key Objective 2.4.)

2021 Elections

Conducting an election during the COVID-19 pandemic was a sizable concern for municipalities and electors. As such, the ministry experienced a higher demand for relevant election training, resources, and advisory support. The 2021 Municipal Elections COVID-19 Risk Reduction Guide was developed as a resource to assist municipalities in conducting their municipal elections in accordance with the health guidelines and to ensure safe voting procedures. The Government of Alberta also responded to social distancing recommendations by enabling electors who were waiting in line at the voting station when it was declared closed to be allowed to enter the voting station to vote. (More information on running an election during a pandemic can be found under Key Objective 2.4.)

Community Outreach Table Initiatives

In 2021-22, the Government of Alberta continued to work on the Community Engagement Plan, which was launched in December 2020, to help support Alberta's two largest cities in combating the spread of COVID-19. The focus of this plan was to reduce both existing COVID-19 case numbers and transmission rates in communities that were experiencing significantly higher rates of COVID-19 transmission. (More information on community engagement plans can be found under Key Objective 4.1.)

Remote Evaluation – Private Sector Disaster Recovery Program

As a response to the COVID-19 pandemic, the ministry implemented a new and innovative process to complete evaluations remotely as an alternative to the traditional in person evaluation of property damaged after a disaster. The remote evaluation enabled evaluators to review property documentation, photographs, videos, and applicant testimony and to finalize payment recommendations quickly. (More information on remote evaluation can be found under Key Objective 4.3.)

Land and Property Rights Tribunal

While the Land and Property Rights Tribunal has had great success in transitioning from in-person to virtual hearings as a result of COVID-19 public health measures, this was particularly challenging in the context of annexation hearings. Members of the public are entitled to be heard, and there is no requirement for advance notice of participation. Notwithstanding this, tribunal staff were able to implement remote video technology to conduct lengthy and complex virtual hearings.

The switch to virtual hearings for some of the tribunal's work – although precipitated by the COVID-19 pandemic – has allowed the tribunal to accommodate more parties and adapt to a higher volume of hearings, which helps ensure decisions are issued in a timely fashion. The tribunal held 128 virtual hearings in the 2020-21 fiscal year. (More information on the Land and Property Rights Tribunal can be found under “Annexations,” and “Subdivision and Development Appeals” in the Land and Property Rights Tribunal section.)

Red Tape Reduction

The Ministry of Municipal Affairs continues to remove regulatory barriers and reduce costs for Alberta's job creators, modernize our regulatory systems, and improve the delivery of government services while ensuring effective regulatory oversight over vital consumer, environmental, health and safety protections, and fiscal accountability. The Government of Alberta's ongoing commitment to reduce red tape by one third by 2023 is helping to make the province the most attractive destination for investment and job creation in North America, while strengthening Alberta's competitive advantage.

Outcome One: Alberta's local governments encourage and support economic prosperity

Key Objectives

- 1.1 Streamline regulatory requirements in municipal legislation that are hampering administrative efficiencies for municipalities and industry in order to encourage economic growth, including a review of land-use planning and development processes, requirements, and timelines.**

Municipal Government Act Review – Red Tape Reduction

The *Red Tape Reduction Implementation Act, 2020 (No.2)*, which received royal assent on December 9, 2020, focused on ensuring land-use planning and development requirements were streamlined, efficient, and effective for municipal governments, business and industry, and all Albertans. Specifically, changes to increase public transparency through an additional public hearing when municipalities change the designation of reserve land, and new reporting requirements when municipalities charge off-site levies. In addition, by reducing flexibility for municipalities to extend timelines, and expanding the role for the Land and Property Rights Tribunal to hear development permit appeals related to projects authorized by a provincial regulator, development approvals are now faster.

In 2021-22, the Land and Property Rights Tribunal began hearing development permit appeals and is making decisions in a timely manner. Municipal Affairs has also initiated municipal reporting on timelines for approving development permits and subdivision applications to ensure municipalities are continually working to reduce the time taken to approve applications. These changes improve transparency and increase certainty for developers, ultimately encouraging increased development and growth in Alberta's municipalities.

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Priority Two: Protecting Livelihoods

Objective Two: Reducing red tape

- Through ongoing review of the *Municipal Government Act*, reduce regulatory burden and streamline provisions hampering administrative efficiencies for municipalities, citizens, businesses and industry.
- Municipal Affairs continued reducing red tape in 2021-22 and ended the fiscal year at a reduction level that greatly exceeded its 20 per cent regulatory requirement reduction target and came within three percentage points of the ultimate 2022-23 reduction target of 33 per cent. A key strategy that the ministry used in 2021-22 was reviewing program policies and forms to identify opportunities for streamlining. This included eliminating unnecessary requirements and consolidating redundant forms.

In continuing its red tape reduction work, in 2021, Municipal Affairs completed a review of the *Municipal Government Act* for opportunities to minimize duplication and strengthen municipal governance and economic development.

The review covered a broad range of topics including municipal council powers and processes, municipal administration, information management, municipal restructuring, and financial administration. The review also included a look at the red tape related to municipal business licensing, in response to input from various Alberta business owners. Legislation (*Bill 21, Red Tape Reduction Statutes Amendment Act, 2022*) was introduced in spring 2022, and is intended to reduce red tape and duplication, strengthen municipal governance, and support economic development. Amendments include expanding the minister's authority to enforce viability directives to increase compliance and enhance municipal sustainability. The legislation also includes provisions to explicitly enable intermunicipal business licences to reduce costs on business owners. The legislation has received royal assent and the bill is currently available online at www.assembly.ab.ca.

- These changes are expected to reduce costs for Alberta's job creators, modernize regulatory systems, and improve the delivery and accessibility of government services – including accessing help through Disaster Recovery Programs, applying for grants, and launching an appeal with the Land and Property Rights Tribunal.

Some assessment and property tax processes in the *Municipal Government Act* are prescriptive in order to protect the rights of taxpayers, while others are discretionary to enable municipal councils to make decisions best suited to local needs. A review of the assessment and taxation sections of the Act was completed and recommendations for streamlining were put forward for consideration. The review identified two instances where the processes could be streamlined:

- the process to create community revitalization levies can be streamlined by reducing Cabinet approvals from two to one; and
- the ability for councils to create a small business tax rate can be placed in the Act rather than a separate regulation (Matters Relating to Assessment Sub-classes).

The review also identified other potential red tape reductions; however, the ministry has deferred action on these other opportunities to consult further with stakeholders.

As part of the government's commitment to reducing legislative burden, Municipal Accountability Program review findings have directly contributed to the red tape reduction initiative, resulting in amendments to the *Municipal Government Act* that came into force on January 1, 2021.

The *Libraries Act* and Libraries Regulation

Ministry staff continued their review of the *Libraries Act* and Libraries Regulation with a goal of reducing red tape. Staff held eight virtual sessions in September 2021, engaging with 267 library stakeholders. Staff also presented virtually at nine library board meetings and special meetings of the Alberta Municipalities association in fall 2021. At least 300 library community stakeholders took part in virtual sessions and 139 responded to an online survey.

Staff presented proposed legislative changes under four main topics (one administrative) to stakeholders over the course of these sessions. Stakeholders validated the proposed changes, gave feedback on details, and adjustments were made to the *Libraries Act* and Libraries Regulation for Cabinet consideration.

1.2 Work with municipalities to reduce municipal red tape and impediments to economic growth that may be a barrier to investment, to ensure that communities are well-positioned to support economic recovery.

Municipal Stimulus Program

The Government of Alberta allocated \$500 million of capital infrastructure funding to municipalities and Metis Settlements in response to the severe slowdown in economic activity due to the COVID-19 pandemic. The Municipal Stimulus Program was designed to fund capital projects constructed during 2020-21, with the intent that the funding would be fully expended by December 2021. While \$500 million was allocated, because 12 municipalities chose not to access any of their allocated Municipal Stimulus Program funding, only \$499 million was committed by municipalities to accepted projects.

In 2020, \$46.9 million in Municipal Stimulus Program funding was paid to municipalities, and the remaining \$452.1 million paid in 2021. This indicates that most of the project activities occurred in 2021, helping to support local jobs and economic growth in Alberta's communities. During the year, Municipal Affairs focused on program administration of 2020 project reporting, and the first year of red tape reduction reporting. Examples of projects include:

- The Village of Linden (Linden Cultural Centre Rehabilitation), which rehabilitated the Linden Cultural Centre, including the roof, heating ventilation, air conditioning system, commercial kitchen, and the utilities and boiler. The project is expected to sustain and create local jobs, enhance competitiveness and productivity, and position the village to participate in future economic growth. Total Municipal Stimulus Program funding spent was \$98,424.
- The Town of Tofield (Pedestrian Trailway Extension - West End) added 600 meters of trail to address an unserved portion of the community. The project will encourage economic growth and development in the western portion of the community, provide safe transportation, and create local jobs during the construction phase of the project. The total Municipal Stimulus Program funding spent was \$247,367.
- The Municipal District of Wainwright No. 61 (Terminal Road Rehabilitation) rehabilitated 14.5 kilometres of Township Road 42-4. The project is expected to create local jobs for engineers and contractors and will enhance road conditions for this connector route to an oil truck terminal. The total Municipal Stimulus Program funding spent was \$532,415.
- The City of Spruce Grove (Water-Sanitary-Industrial Storm Programs) replaced three kilometres of waterlines, wastewater lines, and storm water conduits in the Grove Meadows industrial area. These enhancements are expected to improve services, attract new ventures, create local jobs, and increase the city's competitiveness. The total Municipal Stimulus Program funding spent was \$4,194,343.

Although the Municipal Stimulus Program was designed to distribute and expend capital stimulus funding before the end of 2021, the full impact of the COVID-19 pandemic and the economic slowdown could not have been anticipated. Local governments were facing unique challenges completing their infrastructure projects, including supply chain disruptions, contractor and tendering challenges, price escalations making approved projects economically unviable, municipal capacity issues, and delays with external approvals (e.g., permits).

With the challenges posed in 2021, Municipal Affairs adapted the program rules to accommodate feedback received from municipal stakeholders. In 2021, municipalities were allowed to request an extension for an additional year (for issues such as supply chain delays, if applicable), modify project scope (if rationale supported the change), or submit new projects as some municipalities had unanticipated surplus funds because project costs came in lower than anticipated. These exemptions were meant to ensure critical Municipal Stimulus Program funds were used to restart the Alberta economy. The added flexibility around using the stimulus funds has helped achieve the desired outcomes of economic recovery and job creation.

Projects that received approval for exemptions include the following:

- Foothills County increased the scope of their Highway 2A Fibre Network Project, adding an additional kilometre to the fibre-optic network, resulting in the extension of service to the Hamlet of Aldersyde.
- The Town of Irricana was approved for a new outdoor fitness park, as its 1 Street Storm Water Extension project was completed under budget.
- The Village of Beiseker was approved for a time extension on its water bypass installation, as supply chain issues delayed delivery of water valves.

The success of the Municipal Stimulus Program is further highlighted by the following projects completed in 2020:

- The Town of Beaverlodge upgraded its 11 Street pump station, replacing piping to the water distribution system.
- The Village of Rosemary rehabilitated 450 metres of asphalt on Dahlia Street.
- The Summer Village of Norris Beach upgraded 100 metres of its trail system.
- Kikino Metis Settlement rehabilitated approximately 71 kilometres of gravel roads.

Municipal Red Tape Reduction Reports

As a condition of the Municipal Stimulus Program, municipalities were required to submit a red tape reduction report in 2021 in addition to reporting on expenditures. This aligns with the steps the province is taking to reduce red tape and indicates a shared commitment to enhance the business and tourism environment in Alberta. Municipalities were asked to report on their progress on reducing red tape in 2020, or their plans to reduce red tape in 2021, in:

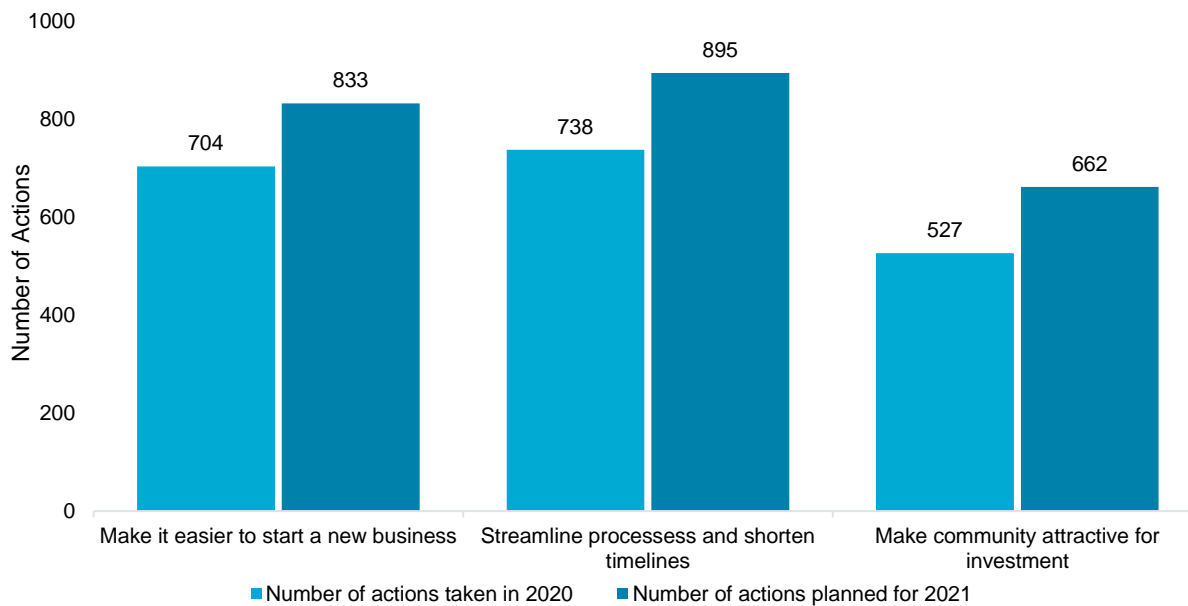
- making it easier to start a new business;
- streamlining processes and shortening timelines for development and subdivision permit approvals; and
- attracting new investment and/or tourism.

A total of 1,969 red tape reduction activities were undertaken by municipalities in 2020, with 2,390 planned in 2021.

Cities, towns, and rural municipalities took more actions toward making it easier to start a new business, while villages and summer villages focused on streamlining processes and shortening timelines.

While municipalities planned more activities for 2021 than they undertook in 2020, municipalities did take concrete steps to reduce red tape in 2020. Municipalities focused their efforts on website development to increase functionality, reduce timelines, attract investment, and improve the user experience. Municipalities also focused on internal processes and procedures to reduce operational and administrative timelines, increase the speed of economic development, and improve the experiences of residents and businesses. A number of municipalities took steps in 2020 to build or strengthen partnerships to generate valuable economic benefits and opportunities for residents. From municipal planning and development improvements to forms and applications, municipalities looked to simplify complicated materials and remove barriers to attract investment in their communities.

Red Tape Reduction Objectives/Opportunities – Municipal Actions Taken in 2020-21



A full report on municipal red tape reduction efforts was published in September 2021, and is available at <https://open.alberta.ca/publications/municipal-red-tape-reduction-report>. Red tape reduction reporting for actions taken in 2021 was due on February 1, 2022, and analysis on outcomes is currently underway.

1.3 Implement assessment and tax incentives designed to encourage new investment in the oil and gas sector.

To support Alberta's economic recovery and protect jobs, the following measures – announced in October 2020 – were implemented to support economic recovery and provide much-needed certainty to industry, investors, municipalities, and other property taxpayers for the next three years:

- To encourage new investment, a three-year property tax exemption was instituted for all new well and pipeline assets; these properties will receive an assessment of zero for the 2022, 2023, and 2024 property tax years. This will be a savings to industry of approximately \$10-12 million per year in municipal taxes, and approximately \$3 million in education taxes.
- To continue to stimulate new drilling activity, the Well Drilling Equipment Tax rate was set at zero. This change provided approximately \$30 million in savings for industry in 2021.
- Additional depreciation adjustments were provided for lower-producing wells; this is expected to result in a reduction of approximately \$19.5 million in municipal taxes and \$8 million in education taxes province-wide.
- To promote continued viability of existing assets and companies, the previously introduced shallow gas assessment reduction of 35 per cent was in place in 2021-22 and will be maintained for the next three years.

1.4 Develop initiatives to reduce the ministry's red tape, and establish a framework to keep future ministry programs, policies, forms, and legislation free of unnecessary regulatory requirements.

Following the review of the *Municipal Government Act* and the *Libraries Act* for the purposes of red tape reduction in 2021-22, the ministry will continue to review the associated regulations for further reductions and streamlining opportunities.

The revised 911 program guidelines have updated the list of eligible expenditures to allow public safety answering points to integrate new technology, enhance existing capacity, and promote and enhance public safety. The guidelines were updated to align with the changes to the *Emergency 911 Act* that came into effect on September 1, 2021. The Act allows secondary public safety answering points to receive funding under the 911 Grant Program and the guidelines have been changed to reflect these new eligible stakeholders. These expenditures reinforce the purpose of the Act by allowing public safety answering points to integrate new technology, enhance existing capacity, and promote and enhance public safety. The new guidelines also reflect the legislative and regulatory amendments. Changes in the guidelines will reduce the administrative red-tape burden on Alberta public safety answering points by no longer requiring backup copies of invoices, receipts, or payroll documents, to be submitted with the Statement of Funding and Expenditures; receipts will be requested by the 911 program only if needed. The ministry delivers various emergency management training courses to develop Albertans' understanding of emergency management and the essential role they play in a disaster. The ministry removed several outdated emergency management training documents and directives from the inventory.

Municipal Affairs has identified a number of key initiatives that will be moving forward in fiscal year 2022-23, including a description of each initiative, its goals, and the projected impacts.

Performance Measure 1.a: Regulatory requirements reduced across the ministry

Prior Years' Results		2021-22 Target	2021-22 Actual
2019-20 Actual (target 5%)	2020-21 Actual (target 12%)		
11%	25%	20%	30.5%

Municipal Affairs continued reducing red tape in 2021-22 and ended the fiscal year at a reduction level that greatly exceeded its 20 per cent target and came within three percentage points of the ultimate 2022-23 reduction target of 33 per cent. A key strategy that the ministry used in 2021-22 was reviewing program policies and forms to identify opportunities for streamlining. This included eliminating unnecessary requirements and consolidating redundant forms. Specific examples included:

- a review of Disaster Recovery Program forms and policies by the Alberta Emergency Management Agency that eliminated 170 regulatory requirements;
- the elimination of 126 regulatory requirements by the Municipal Assessment and Grants Division through the updating and consolidating of several forms; and

- a comprehensive review and streamlining of appeal forms by the Land and Property Rights Tribunal that eliminated 245 regulatory requirements.

Being so close to the 2022-23 target will enable the ministry to broaden its focus beyond initiatives that reduce regulatory requirements and still pursue opportunities to reduce red tape in other ways, such as allowing programs and services to be accessed more efficiently and effectively. These changes are expected to reduce costs for Alberta's job creators, modernize regulatory systems, and improve the delivery and accessibility of government services – including accessing help through Disaster Recovery Programs, applying for grants, and launching an appeal with the Land and Property Rights Tribunal.

Outcome Two: Albertans live in viable municipalities and communities with fiscally responsible, collaborative, and accountable local governments

Key Objectives

2.1 Enhance municipal service delivery through intermunicipal collaboration frameworks and growth management boards.

Municipalities in Alberta continue to face significant financial pressures, with the ongoing COVID-19 pandemic and fluctuating oil prices. As such, it is more important than ever that municipalities are managing their finances prudently while continuing to deliver the services on which their citizens rely. Albertans and businesses have been impacted by the pandemic, and municipalities are looking for ways to reduce costs and prevent significant increases for taxpayers.

The ministry continues to support local governments as they collaborate to share finite resources, build better relationships, and improve communication between municipalities that share common boundaries or shared service areas – to provide services for the benefit of all Albertans. Growth management boards, intermunicipal collaboration frameworks, and intermunicipal development plans are intended to provide a forum for long-term planning and service delivery and to ensure intermunicipal disputes can be avoided or handled efficiently. Mandating these plans and frameworks ensures that municipalities are collaborating in the best interests of citizens and businesses in the region. Further, provincial economic development opportunities are enhanced through coordinated land-use planning and development along municipal boundaries. As well, Alberta residents and businesses will benefit from lower costs and increased service levels as municipalities find ways to better deliver their services.

Municipal Affairs, together with its municipal partners, continues to demonstrate resiliency and determination in adapting to the challenges of the ongoing COVID-19 pandemic. Albertans and municipalities have transitioned to online and electronic-based tools to conduct their business and ensure operational continuity. This has led to struggles at times with rural connectivity and, in some cases, the learning curve that comes with using new technology. Despite these challenges, municipalities have continued to seek

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Priority One: Protecting Lives

Objective One: Delivering cost effective, sustainable, client-centred healthcare to all Albertans

- Continue to deliver a timely, coordinated response to the COVID-19 pandemic, including supporting planning efforts for the effective and efficient distribution of COVID-19 vaccines by Alberta Health, as they were received from the federal government.

Objective Five: Building better communities

- Strengthen municipal accountability and processes in the areas of assessment, compensation, land planning, and other matters that impact Albertans and the municipalities in which they live. This includes supporting the Alberta Municipal Measurement Index, which gives the public direct access to information detailing municipal performance.

Priority Two: Protecting Livelihoods

Objective Three: Changing the tax structure to stimulate growth and attract investment

- Develop a long-term plan to review how property assessments are determined for industrial property, including wells and pipelines, to ensure the valuations reflect current circumstances and do not place an undue burden on competitiveness. In the interim, a number of property assessment and tax incentives are being implemented.

efficiencies and cost-savings while strengthening service delivery and intermunicipal collaboration for the benefit of all Albertans. To this end, municipalities in Alberta continue to move forward with key priorities such as implementing regional growth plans, regional servicing plans, and intermunicipal collaboration frameworks.

Edmonton Growth Management Board / Calgary Growth Management Board

Growth management boards for the Calgary and Edmonton regions were established to help ensure regional collaboration and coordinated decision-making. The objectives of growth management boards are to promote regional economic growth, reduce intermunicipal conflict, and ensure the effective and efficient delivery of services by promoting intermunicipal collaboration. To achieve coordinated, sustainable growth, the mandate of growth management boards includes not only regional land-use planning but also regional servicing for future growth. This ensures sufficient land and infrastructure is available to accommodate future commercial and industrial growth.

A significant milestone for the growth management boards was achieved in 2021, with the Edmonton Metropolitan Region Board and the Calgary Metropolitan Region Board finalizing their dispute resolution and appeal bylaws to address conflicts between member municipalities:

- The Edmonton Metropolitan Region Board bylaw establishes a simple and timely three-step process that includes facilitated discussion, mediation, and an appeal hearing with a committee comprised of external, independent members with specialized knowledge and experience. The timelines for resolution of disputes will ensure the work of the board is not unreasonably delayed by conflicts.
- The Calgary Metropolitan Region Board bylaw establishes a similar process but also includes an option to fast-track disputes to the appeal stage. To provide an objective perspective on board decisions on applications, the Land and Property Rights Tribunal can hear a limited scope of appeals under the Calgary Metropolitan Region Board's bylaw.

Both bylaws respond to the unique context of the two boards and are expected to significantly improve their ongoing work.

The Calgary Metropolitan Region Board has also developed a proposed Growth Plan, Servicing Plan, and Regional Evaluation Framework and submitted the plans to the Minister of Municipal Affairs for approval. Over the past year, the minister has sought feedback from stakeholders and member municipalities regarding these plans and continues to work with Calgary Metropolitan Region Board members to discuss their perspectives. The plans are currently under review.

- Implement a three-year property tax exemption for all new well and pipeline assets, eliminate the Well Drilling Equipment Tax (from 2021 onward), maintain the shallow gas assessment reduction of 35 per cent over the next three years, and provide additional depreciation adjustments for lower-producing wells. These initiatives will encourage new investment in the oil and gas sector and support the continued viability of existing assets.

Objective Seven:

A fair deal for Alberta

- Through the Alberta Community Partnership program, provide funding support to municipalities to conduct the Senate election and referenda to ensure the priorities and needs of Albertans are adequately represented at the federal level. Democratizing the Senate appointment process and proceeding with a referendum on equalization are two of the recommendations of the Fair Deal Panel.
- Of the \$10 million made available to 394 local communities in Budget 2021, 292 local governments and three First Nations received approximately \$9.5 million in funding to conduct Senate elections and referenda in their communities and neighbouring communities on behalf of the province.

The Edmonton Metropolitan Region Board already has a growth and servicing plan and regional evaluation framework in place. These plans have allowed the region to grow in a more coordinated and efficient way, saving costs on servicing of new developments and limiting the number of intermunicipal disputes. Work on a regional agricultural master plan is in progress, and will provide a framework to consider how best to protect prime agricultural land in the region, while also allowing for development.

The *Red Tape Reduction Implementation Act, 2020 (No.2)*, included a number of minor changes to streamline growth management board legislation. The ministry continues to explore additional red tape reduction options for the boards.

Ministry Support for the Boards

Under the Alberta Community Partnership, provincial funding to the growth management boards is gradually being reduced as the boards assume greater responsibility for funding their own operations. The regulations enable each growth management board to requisition operating funding from their members to reduce reliance on provincial funding. In 2021-22, the province provided \$1.5 million in funding to each board, used to support board operations.

Intermunicipal Collaboration Frameworks

The *Municipal Government Act* includes specific requirements for municipalities outside of the metropolitan regions to create intermunicipal collaboration frameworks and intermunicipal development plans. Intermunicipal collaboration frameworks:

- cultivate the integrated and strategic planning, delivery, and funding of intermunicipal services;
- provide for stewardship of service resources; and
- ensure municipalities contribute funding to services that benefit residents.

Intermunicipal collaboration frameworks ensure coordinated and cost-effective delivery of shared services to residents and businesses where there is a benefit to residents with municipalities that share a border. Alberta residents and businesses benefit from lower costs and increased service levels as municipalities explore and agree on ways to deliver and cost-share their services.

Of the 436 required intermunicipal collaboration frameworks, 97.9 per cent were completed by the April 1, 2021, legislated deadline. Where agreement was not reached by this date, the *Municipal Government Act* provides for a mandatory process to resolve the dispute. As of April 1, 2021, there were nine outstanding intermunicipal collaboration frameworks and they were resolved in the following ways:

- one pairing of municipalities came to agreement before an arbitrator could be appointed;
- one resolved their intermunicipal collaboration framework before the arbitration hearing;
- one was assisted by an arbitrator through mediation to come to an agreement on their own;
- five were addressed through an arbitrator's award; and
- one intermunicipal collaboration framework was imposed by the minister.

Looking forward, the ministry intends to conduct a review of the intermunicipal collaboration framework arbitration process with key stakeholders. The results of this review will be used to inform any legislative amendments that may be required in the future, and to improve the process for the next round of

intermunicipal collaboration frameworks when the current frameworks are due to be reviewed (in the next three to five years).

Lessons Learned

- The majority of municipalities preferred to develop their mandatory intermunicipal collaboration frameworks on their own rather than going to arbitration, as demonstrated by 97.9 per cent of municipal pairings completing their agreements by the deadline.
- Some municipalities completed their frameworks by confirming current arrangements for municipal or intermunicipal delivery, while mutually acknowledging their interest in revisiting some agreements in the next intermunicipal collaboration framework cycle. It is anticipated these municipalities will re-engage on their intermunicipal collaborative frameworks within two to three years to ensure they are completed within the mandatory five-year review period.
- Mediation is an effective way to resolve disputes around intermunicipal collaboration frameworks. The use of a neutral third party to guide discussions has been shown to expedite a resolution, preserve relationships, and minimize costs.
- For a small minority of municipalities, arbitration was a necessary and effective tool to resolve outstanding cost-sharing disputes for intermunicipal services.

Almost 99 per cent (98.6%) of municipalities successfully completed their intermunicipal collaboration frameworks on time and without the need for arbitration.

Alberta Community Partnership Program

The Alberta Community Partnership grant program enables municipalities to leverage funding to advance local and regional priorities across the province in a cost-effective manner, including municipal regional collaboration and capacity building initiatives. The budget for the 2021-22 Alberta Community Partnership program was \$25.4 million (adjusted in-year to \$26.6 million), with grants supporting projects under six main component streams:

1. Senate Elections and Referendum;
2. Intermunicipal Collaboration;
3. Strategic Initiatives;
4. Municipal Restructuring;
5. Municipal Internship; and
6. Mediation and Cooperative Processes.

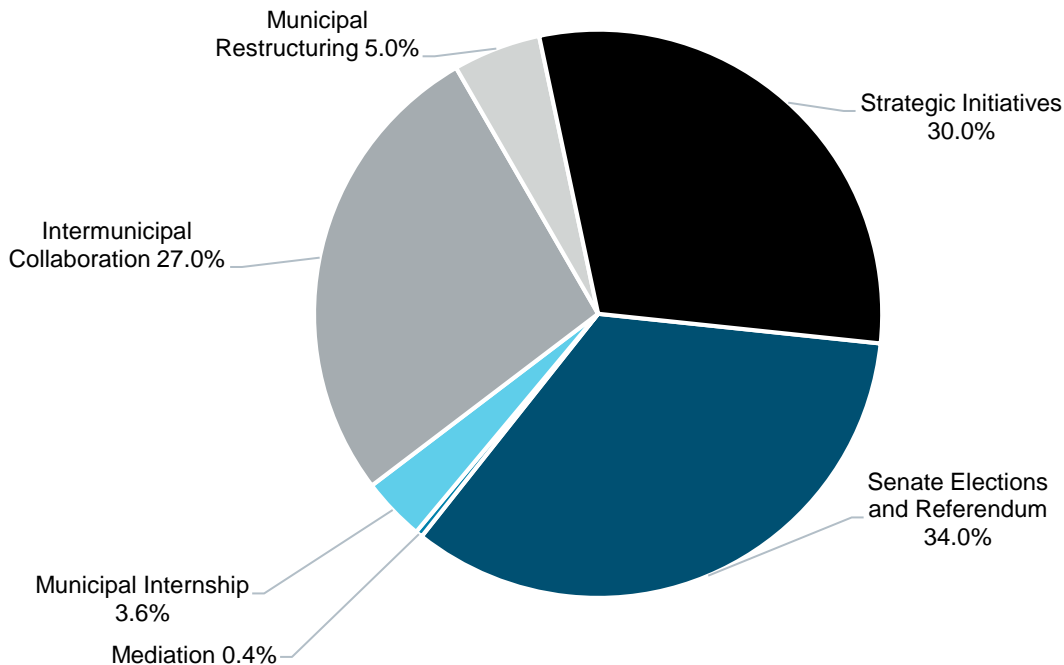
Alberta Community Partnership Funding

Component	Program Budget
Senate Elections and Referendum	\$10,000,000
Intermunicipal Collaboration	\$5,100,000
Strategic Initiatives*	\$4,426,000
Municipal Restructuring	\$5,500,000
Municipal Internship	\$1,000,000
Mediation and Cooperative Processes	\$600,000
Total	\$26,626,000

*Strategic Initiatives includes support for growth management boards, organizations promoting municipal professional development, and projects of intermunicipal and strategic significance.

A total of \$27.75 million in grants was delivered under the program. The \$1.12 million in-year increase was offset by surplus from other programs. Alberta Transportation provided an additional \$1.22 million to support a Strategic Initiatives project in Mackenzie County to repair critical water infrastructure in Fort Vermilion (see Strategic Initiatives).

**Alberta Community Partnership Program, by Component
(Percentage of Total Grants Delivered in 2021-22)**



Intermunicipal Collaboration

The Intermunicipal Collaboration component of the Alberta Community Partnership program provides competitive grants to municipal partnerships pursuing regional approaches to service delivery. The funding enables municipalities to undertake intermunicipal service delivery planning projects that can lead to shared services arrangements, greater efficiencies and economies of scale on the provision of services, resource optimization, and better access to services for Albertans. These include new or enhanced emergency management frameworks, and regional plans for emergency preparedness and disaster mitigation.

Intermunicipal Collaboration funding also supports provincial priorities – specifically, economic development and pandemic recovery. As such, this component supported the following priorities in 2021-22:

- partners exploring economic growth and regional service planning initiatives for revenue and cost sharing agreements;
- governance model options;
- infrastructure; and
- operational requirements for intermunicipal service delivery for project partners.

The component was in demand, with 46 applications reviewed for projects related to:

- health and safety;
- emergency preparedness/risk mitigation;
- operational efficiencies/reducing red tape; economic growth/business continuity; and
- the development of intermunicipal collaboration frameworks and intermunicipal development plans.

In 2021-22, the Intermunicipal Collaboration component provided \$7.4 million to municipalities across Alberta as they collaborated on 43 projects. These projects help advance Municipal Affairs' mandate to directly support Alberta's local governments and enable municipalities to leverage targeted funding to advance regional priorities.

Funded projects from 2021-22 include the following:

Alberta North Central Alliance Strategic Regional Plan.

Big Lakes County received \$200,000 to partner with the municipal districts of Lesser Slave Lake and Opportunity; the towns of High Prairie and Slave Lake; and the First Nations of Bigstone Cree Nation, Drift Pile Cree Nation, Kapawe'no First Nation, Sawridge First Nation, and Sucker Creek First Nation in developing the Alberta North Central Alliance strategic regional plan.

The development of a strategic plan represents a commitment between five municipalities and five First Nations to build strong, enduring, and transparent inter-governmental relationships to benefit their communities in north-central Alberta. The plan also seeks to forge healthy working relationships with businesses, federal, and provincial governments, and other stakeholders in northern rural Alberta.

Through the Intermunicipal Collaboration component, the Alberta Community Partnership program supported 99 municipalities and Metis Settlements across Alberta to partner on 43 projects of regional significance.

Including all components, 118 municipalities and Metis Settlements in Alberta benefited from an Alberta Community Partnership grant in 2021-22, either as a grant recipient or as a formal partner on joint initiatives.

The project is expected to result in innovative resource-sharing solutions, and lead to actions that support economic development, health services, internet broadband connectivity, regional tourism, and that address physician shortages.

District Fire Services Master Plan

The Town of Coaldale received \$42,158 to partner with Lethbridge County in developing the Coaldale and District Fire Services Master Plan. This plan includes the development of a strategic plan for the current and future expansion of fire services for the region, including a comprehensive fire risk assessment, current fire services performance reviews, development of recruitment and retention options, and equipment and facility reviews.

The project is expected to result in increased collaboration between partners, including shared financial and human resources to maintain public safety and provide efficient and effective fire services in the region.

Regional Transportation System Master Plan

The Town of Fox Creek received \$200,000 to partner with the Municipal District of Greenview in developing a regional transportation system infrastructure master plan. This plan necessitated an analysis of infrastructure conditions of the regional transportation system to address any deficiencies, develop shared maintenance and upgrade costs models, and update the 10-year capital plans to address future operational and infrastructure requirements.

The project is expected to result in a foundational agreement that will provide critical data in support of existing intermunicipal development plans. The plan is also intended to guide the regional vision for transportation and land use, inform policy direction to support well-maintained infrastructure for the delivery of regional services, improve the overall safety of residents, and foster economic growth.

Regional Stormwater Management Framework and Plan

The Village of Cremona received \$69,000 to partner with Mountain View County in developing a regional stormwater management framework and plan. The framework and plan will require collecting and reviewing climate data, water-level monitoring, creating an inventory of existing drainage infrastructure, hydrologic analysis (e.g., directional rainfall runoff), and developing topographic models to identify flooding triggers.

The project is expected to result in improved health and safety of the region's residents by addressing stormwater flow-management, minimizing flooding risks, and guiding stormwater infrastructure maintenance priorities in advance of any potential system failures.

Strategic Initiatives

On occasion, the ministry has an opportunity to support projects of strategic significance that fall outside the scope of the other funding components but align with ministry and provincial priorities.

Alberta Municipal Data Sharing Partnership

Under this component, the Municipal District of Willow Creek received \$350,000 to support the Alberta Municipal Data Sharing Partnership to make enhancements to its mapping software architecture. These enhancements will improve emergency response through location support and ensuring compliance with next-generation 911 integration. The project will support provincial decision-making, protect the safety of Albertans, and ensure Alberta remains resilient when impacted by natural disasters.

This strategic priority serves to protect lives, ensure compliance with 911 requirements, provide a cost-effective and self-sustaining system that is supported by more than 400 municipalities Canada-wide, and helps ensure an effective and accurate system for emergency response across Alberta.

Wildland Urban Interface Structure Protection Support

The Town of High Level and Clearwater County each received \$1.5 million to maintain provincially deployable and equipped wildland urban interface response teams over the next three years. The teams will provide emergency response to wildland fire events, develop provincial training curriculum to enhance firefighter capacity, and conduct education activities. This initiative increases provincial and municipal coordination and capacity to respond to emergency wildfire events.

Municipalities will benefit from assistance with review of wildfire preparedness plans, equipment, and training programs.

Fort Vermilion Flood Recovery - Wastewater Repairs and Upgrades

Mackenzie County received more than \$1.2 million to repair and upgrade critical infrastructure in the hamlet of Fort Vermilion, which was damaged as a result of flooding in 2020. The project includes the installation of a new flood barrier to protect the downtown core, and repair and improvement of sanitary and storm water infrastructure.

These repairs and upgrades are expected to result in job creation for Mackenzie County that will aid in its economic recovery. In the longer term, the project is expected to increase disaster mitigation capacity to support the safety of residents, local businesses, and the attraction of additional investment in the region.

Alberta Community Partnership Grant Accountability Enhancements

Grant accountability is a critical part of effective program delivery and, to more effectively report on intermunicipal collaboration projects, program processes and requirements were improved. Application questions were adjusted to better capture project benefits and reduce red tape for municipal applicants.

To facilitate on-time reporting, a phased funding approach is now in place that withholds 25 per cent of funding until all reporting requirements are fully met. Ongoing monitoring and analysis of this approach will determine if it has a positive impact on project reporting.

2.2 Encourage municipal accountability and transparency

Municipal Affairs is committed to helping ensure Albertans live in viable municipalities and communities with fiscally responsible, collaborative, accountable local governments. To achieve this, the ministry plays an important role in assisting and supporting municipalities in Alberta through various programs that foster capacity-building, transparency, and accountability – the essential elements for responsible local government.

The *Municipal Government Act* may at times seem overwhelming for municipalities with limited capacity or small administrations. Municipalities are also bound by other statutes and corresponding regulations. Compliance with these statutes and regulations is essential to good governance; the successful operation of a municipality; and the viability, safety, and well-being of a community. Ministry initiatives designed to help municipalities successfully meet the challenges involved in responding to these legislative needs include the Municipal Measurement Index, the Municipal Accountability Program, and the inspection process.

Alberta's Municipal Measurement Index

The Municipal Measurement Index (www.alberta.ca/municipal-measurement-index.aspx) is a web-based application that provides Albertans with easy-to-access information about their communities. Through the application, Albertans can explore and compare financial and statistical information for all Alberta municipalities. The index spans several years, and is refreshed nightly as new information becomes available.

All municipalities receive an index value based on population, equalized assessment, and geographic area, which can be used to compare municipalities. The index allows Albertans to evaluate information such as property tax rates, property tax burdens, composition of property tax bases, revenue and expenses, and

debts – with an end-goal of improving municipal transparency and accountability. The 2021-22 results reflect the 2020 calendar year. From April 1, 2021 to March 31, 2022, the dashboard was viewed more than 1,200 times.

Municipal Indicators

The *Municipal Government Act* requires municipalities to submit a copy of their audited financial statements and financial information return to the ministry no later than May 1 for the year in which the documents were prepared. The impact of the COVID-19 pandemic on municipal finances is reflected in the 2021-22 fiscal year’s data, which was the 2020 fiscal year for municipalities.

Performance Measure 2.a: Percentage of municipalities deemed to be not at risk based on financial and governance risk indicators

Prior Years’ Results			2021-22 Target (2020)	2021-22 Actual (2020)
2018-19 (2017)	2019-20 (2018)	2020-21 (2019)		
93%	94%	94% ¹	90%	95%

Note: 1. Based on financial data submitted by 332 municipalities

Data from this municipal financial information as well as other ministry sources is used to develop the municipal indicators used for the ministry’s performance measure 2.a. The percentage of municipalities deemed not to be facing long-term viability challenges based on financial and governance indicators for the 2020 calendar year was 95 per cent, exceeding the 90 per cent target. This target was set conservatively based on historical results.

Seventeen municipalities may face long-term viability challenges based on the ministry’s financial and governance risk indicators in 2020. Of the 17 municipalities, 11 had at least one legislative ministerial action taken against them, and one of them had two ministerial interventions. The other five municipalities flagged three or more non-critical indicators. The most prevalent non-critical indicators were related to tax collection and infrastructure investment, which are indicative of municipalities struggling with reduced municipal revenue and aging infrastructure.

In 2020, Alberta municipalities performed on par with the 2019 reporting year, despite the COVID-19 pandemic. The numbers of municipalities that were flagged with critical or non-critical indicators remained at similar levels. However, significantly more municipalities flagged the “On-time Financial Reporting” and “Investment in Infrastructure” indicators. For many municipalities, a lack of investment in aging infrastructure has been a concern for some time, and this upward trend suggests more municipalities may experience reduced quality of municipal services and their long-term economic growth may be hampered.

Municipal Accountability Program

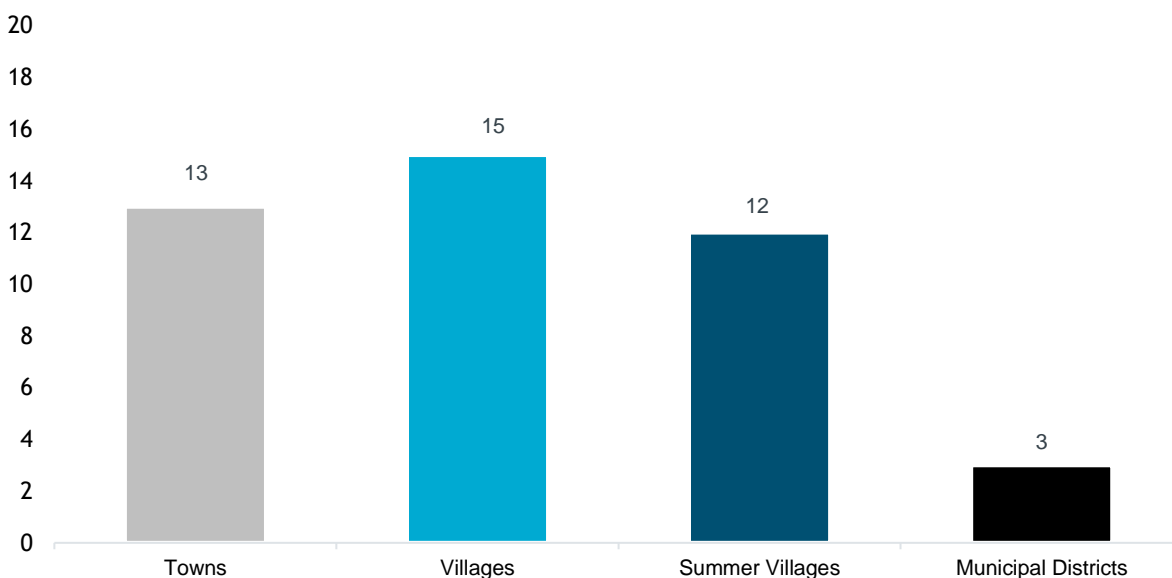
The objective of the Municipal Accountability Program is to build municipal administrative capacity and help municipalities comply with mandatory legislative and regulatory requirements. Minor non-compliance matters are identified through the program, and attempts are made to mitigate these issues that – if left unaddressed – could have the potential to create more significant governance concerns, and potentially lead to a more in-depth municipal inspection.

In 2021-22, the population threshold for participation in the Municipal Accountability Program remained at 2,500, which means the program applied to 200 municipalities, or 60 per cent of all municipalities in Alberta. While the program is not intended for cities, improvement districts, or special areas; reviews may be conducted upon request. For example, in 2020, a Municipal Accountability Program review was performed for the City of Wetaskiwin.

Since the Municipal Accountability Program began in 2018, 108 reviews were performed. Of these 108 reviews, 43 per cent of all municipalities completed their reviews within one year, 70 per cent within one and a half years, 88 per cent within two years, and 97 per cent within three years. To date, only three municipalities have taken longer than three years to complete a Municipal Accountability Program review.

The program consists of multi-year cyclical reviews. In 2021-22, 40 reviews were conducted, with three additional reviews added in response to petitions received from electors. The 2021 Municipal Accountability Program report included a review of more than 200 legislative requirements in 13 categories. The graph below shows the Municipal Accountability Program reviews conducted in 2021-22 by municipal status type.

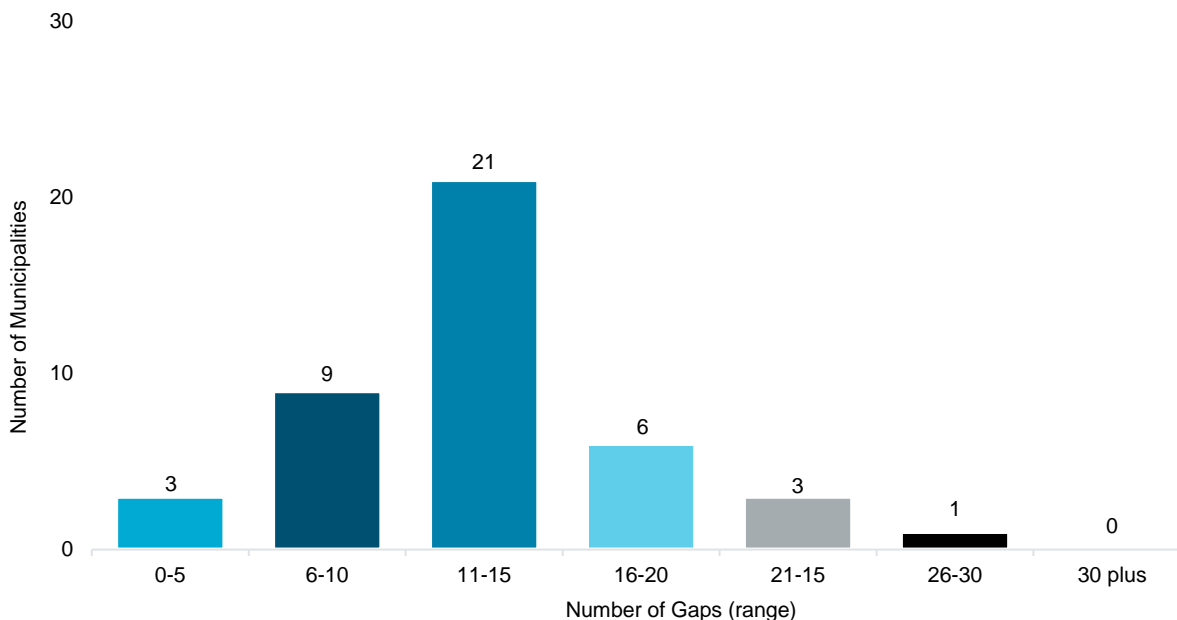
Municipal Accountability Program Reviews Conducted in 2021-22, by Municipal Status Type



As a result of the COVID-19 pandemic, Municipal Accountability Program reviews in the 2021-22 fiscal year were conducted virtually rather than in person. While virtual visits presented various challenges – primarily for small communities with poor internet connectivity – Municipal Affairs successfully conducted all scheduled reviews in 2021-22.

Of the 43 reviews in 2021-22, the number of non-compliant gaps identified varied from as low as three (95 per cent compliant) to as high as 27 (53 per cent compliant).

Number of Non-compliant Gaps Identified in Municipal Accountability Program Reviews (2021-22):



The Municipal Accountability Program identifies municipal practices or documents that do not fully meet requirements in the *Municipal Government Act*. Common legislative gaps found through the Municipal Accountability Program reviews are that: three-year operating and five-year capital plans do not meet legislated requirements; listing and publication of policies used to make planning decisions have not been completed; property tax bylaws do not meet legislated requirements; local assessment review boards are not in place; and procedure bylaws do not meet legislated requirements.

Beyond achieving the program objectives, the Municipal Accountability Program has helped:

- highlight the excellent work municipalities are doing;
- educate municipalities about recent legislative amendments and responsibilities;
- enhance public confidence that municipalities are complying with legislation;
- provide chief administrative officers an additional opportunity to receive advisory support from the ministry; and
- identify trends and areas where the ministry can offer additional training and support in the future.

To date, 107 of 189 Municipal Accountability Program reviews conducted from January 2018 to March 2022 have been completed to the satisfaction of the minister:

- 44 of 46, or 96 per cent of 2018 reviews;
- 46 of 61, or 75 per cent of 2019 reviews;
- 16 of 39, or 41 per cent of 2020 reviews; and
- one of 43, or 2.3 per cent of 2021 reviews.

Municipal Inspections

The objective of the municipal inspection process is to support the role of a council, or a regional services commission board, and its administration in providing local government services in the community.

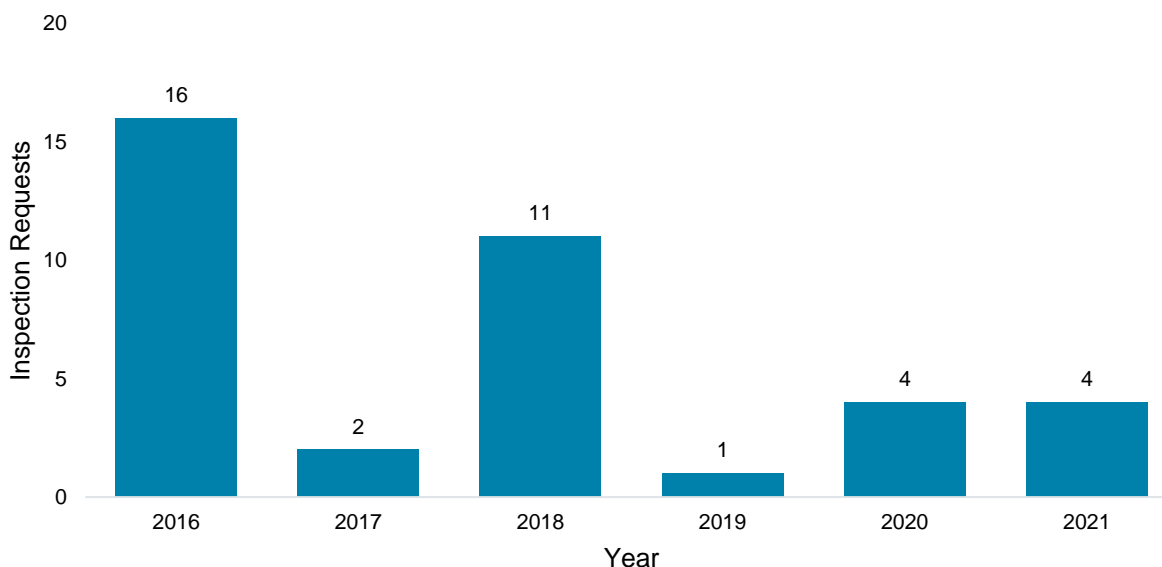
Inspections are ordered by the minister when, in the minister's opinion, significant governance or management concerns exist. Inspections are undertaken as a result of:

- the minister's initiative;
- a request from council;
- a request from a member of a regional services commission; or
- a sufficient petition submitted to the minister.

The Minister of Municipal Affairs has not needed to order a municipal inspection for municipalities reviewed under the Municipal Accountability Program since the program's inception in 2018.

As part of the inspection, the ministry will most often conduct a preliminary review to better determine the underlying reason for the request and to ensure an appropriate response is taken. If there is indication of significant concerns, the minister will then order an inspection. Inspectors are most typically contracted through the Government of Alberta procurement process and must be appointed by Ministerial Order.

Inspection Requests, 2016 – 2021



Over the past five years, 22 inspection requests have been received, with the lowest number of annual requests occurring in 2019. This is a strong indicator that the introduction of the Municipal Accountability Program in 2018 has reduced the need for inspections.

Four sufficient inspection requests were received in 2021-22 for the following municipalities: the Town of Drumheller, the Village of Ryley, Vulcan County and the County of Stettler. Of these four, three were requested by elector petition and one was requested by the council. The Town of Drumheller and Village of Ryley requests each had sufficient petitions that resulted in preliminary reviews being conducted; the minister determined that no inspection was necessary in Drumheller, while a decision is pending on Ryley.

A preliminary review includes interviews with councillors, administrative staff, and the petition representative, if applicable. This information provides context for the minister when making a decision in response to a request for inspection.

The petition from electors of Vulcan County was not sufficient, as the number of petitioners who signed the petition did not meet the legislated threshold of 20 per cent of the population of the county.

2.3 Oversee the property tax and assessment system, and prepare assessments for designated industrial property

Designated Industrial Property Assessment

Designated industrial property comprises two categories of industrial properties:

- The first is linear property, such as wells and pipelines, electric power systems, telecommunications systems, cable television systems, electric power generation facilities, and railway properties.
- The second includes properties such as the machinery and equipment at the wells and facilities, refineries, oil sands projects, lumber facilities, pulp and paper mills, petrochemical properties, and any other property meeting the definition of designated industrial property in legislation.

The assessment of designated industrial property has been centralized with the provincial assessor for five years.

The benefits of the centralized assessment model are being realized through continued incremental improvements in consistency, fairness, and transparency in the application of legislation, as well as operational efficiencies and economies of scale. The monetary cost for doing the assessment, which in 2021 was \$13.1 million as per designated industrial property requisition, has been transferred from the municipality to designated industrial property owners. There is greater consistency in the assessment of similar designated industrial properties – notwithstanding their location in the province – and access to assessment information is continuing to improve as the province moves toward automating the process in one information technology system.

Centralization of designated industrial property assessment was completed in 2018, and all the municipal assessment functions have been integrated into one provincial system under the guidance and direction of the provincial assessor in Municipal Affairs. At the end of the 2021-22 fiscal year, municipal assessment preparation for designated industrial property had been integrated into the provincial assessor's office in 200 out of 228 (88 per cent) of affected municipalities. External delegated assessors continue to prepare assessments on designated industrial property located in 28 (12 per cent) affected municipalities. These municipalities have large numbers of industrial sites located in remote areas. These assessors include private and municipal assessors who carry out the work in these locations under the guidance and direction of the provincial assessor, through contracts between the province and the assessor's respective municipality. While the remaining 28 municipalities give the provincial assessor and staff additional opportunity to build collaborative relationships with stakeholders, assessment of designated industrial properties in these municipalities will be integrated into the ministry's direct operations. The ministry remains committed to working collaboratively with municipalities, the taxpayer, and other stakeholders. An executive advisory group regularly brings together leaders from industry and municipal associations to share information and to seek advisory input from stakeholders. Executive advisory group members' suggestions and opinions guided the government's decision-making in the transition and continued implementation of centralized assessment of designated industrial property, which includes the sequenced integration of municipal assessment functions for these properties.

There are 418,296 kilometres of assessed pipelines in Alberta. That is about 342 trips from the northern Alberta border to the southern border of the province.

Designated industrial property assessment of about \$172.8 billion accounts for about 18 per cent of Alberta's total property assessment of \$950 billion.

In 2021-22, Municipal Affairs completed about 597,000 designated industrial property assessments for about 1,400 assessed persons (companies), with an assessed value of approximately \$172.8 billion. This is an increase of \$1.6 billion from last year's assessment, which is mainly due to changes in the inventory of the designated industrial property.

These assessments yield approximately \$1.7 billion in municipal property taxes and \$310 million in education property tax for the province. Despite the lingering challenges resulting from the COVID-19 pandemic, the ministry continues to meet its commitment of annually inspecting 20 per cent of all existing designated industrial property and 100 per cent inspection of new properties. This inspection approach is consistent with the industry standard.

The assessment of designated industrial property is conducted on a full cost-recovery basis, which means the province recovers costs through a requisition tax rate set annually by the minister. The requisition is charged by municipalities to designated industrial property owners on their property tax notice and then submitted to the province to recover program costs, which includes preparation of assessment and defending it before the Land and Property Rights Tribunal as required in case of an appeal. The 2021-22 requisition tax rate is \$0.0766 per \$1,000 of assessment to recover \$13.2 million for the program.

An estimated \$9.5 billion in revenue is generated from all property taxes in Alberta. Of this, \$2.5 billion contributes to the cost of primary education in Alberta, and the remaining \$7 billion supports the municipal services and infrastructure (roads, water systems, recreation facilities) in communities across Alberta.

Auditing for Assessment Quality

The Assessment Quality Minister's Guidelines set out requirements for municipalities to report information to the province for the annual assessment audit and the equalization process. As in previous years, the ministry completed annual audits of all Alberta municipalities by measuring and comparing property assessments against market value to determine assessment levels. These assessment levels are used to complete the equalized assessment, ensuring education property tax requisitions and assessment-based grants are allocated fairly.

All property groups evaluated within each municipality – all 335 jurisdictions – met the highest standard for assessment accuracy. Out of all the municipalities, 99.4 per cent of municipalities reported and declared assessment information on time – with two extensions granted. The auditor accepted assessment levels for 334 of 335 jurisdictions. Assessment levels must meet the legislated standard of being between 95 and 105 per cent of market value, and the data must be appropriate for use to calculate the equalized assessment. In the one case where the assessment level was not acceptable, it was adjusted to an acceptable level by the auditor. This is in line with previous years' results.

In addition to annual audits, the ministry conducted 63 detailed assessment audits on villages and summer villages. Findings were grouped into *best practice* (valuation) and *administrative* (compliance) recommendations. Of the numerous municipal administrative recommendations, most relate to omitted details for assessment notices. There were a few best practice recommendations, mostly relating to land valuation and consistent use of costing models for improvements. Overall, assessment programs for villages and summer villages are functioning at a high level for compliance and valuation practice.

2.4 Collaborate with municipalities and municipal associations to develop tools and programs to support well managed, accountable, and sustainable municipalities.

Municipal Elections

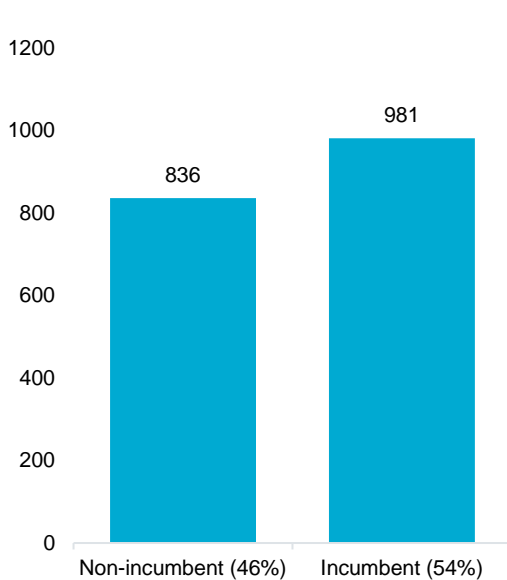
Since 2013, general municipal elections are held every four years in the Province of Alberta. A great deal of effort goes into preparing for a general municipal election. In particular, this holds true for the municipal administrations who carry out a multitude of duties leading up to election day; the candidates running for office; the citizens who stay attuned to candidates’ views and consider how to cast their votes; and ministry staff who provide information and resources throughout the process.

The *Local Authorities Election Act* is used by 322 municipalities and 61 school boards to conduct elections for councillors and school trustees.

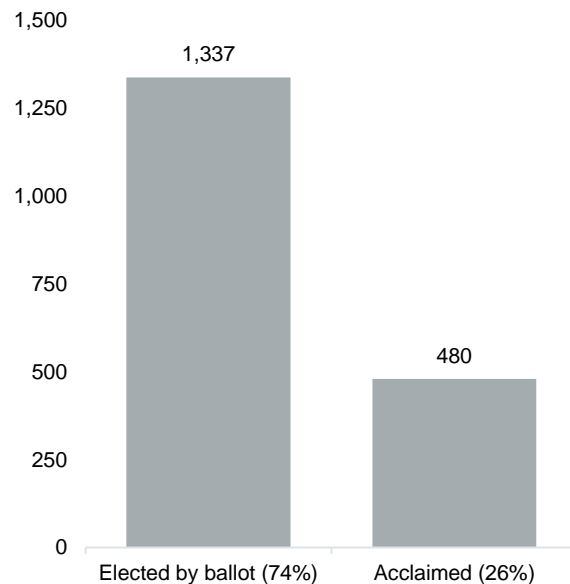
Following the last general election in 2017, a role for the Election Commissioner was introduced that involved enforcement of campaign finance and disclosure requirements, and third-party advertising for the 2021 municipal elections. The ministry endeavours to collaborate with Elections Alberta and municipal stakeholders to ensure future elections are conducted in a manner that is reflective and responsive to *Local Authorities Election Act* amendments and post-election lessons learned.

There were more than 3,300 candidates province-wide in the 2021 general municipal elections. From January 2020, to December 31, 2021, municipalities reported that there were 35 by-elections across Alberta. Despite the challenges brought on by the pandemic, Albertans participated in the elections, which saw 1,816 people elected in the 2021 general election.

Incumbent versus Non-incumbent in the 2021 Municipal General Election



Elected by Ballot versus Acclaimed in the 2021 Municipal General Election



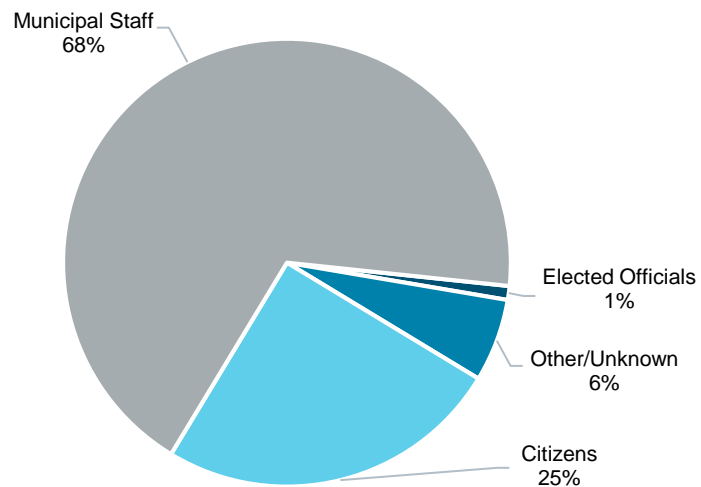
The 2021 general municipal election was more complex than a standard municipal election year for a number of reasons, including the following:

- Significant amendments were made to the *Local Authorities Election Act* since the last election in 2017, some of which came into effect as late as December 2020. These amendments included changing financial tracking for candidates, adding a new part to the Act dedicated to regulating third-party advertisers, and having a longer nomination period.
- Municipalities were responsible for conducting the provincial Senate election and referenda votes in conjunction with their municipal elections. This was a new experience for most municipal administrations, as this was last required in 1998.
- A greater number of municipalities decided to use alternative voting equipment and special ballots for this election, which generated concerns among electors, including concerns about the increased likelihood of voter fraud and results tampering.
- Conducting an election during the COVID-19 pandemic was a sizable concern for municipalities and electors. As such, the ministry experienced a higher demand for relevant election training, resources, and advisory support.

Beginning in early 2021, resources were made available on the Municipal Affairs website for election returning officers and potential candidates, including:

- an election procedural manual comprising 10 modules, including appendices provided by Elections Alberta addressing the Senate election and referenda votes and the new role of the Election Commissioner in enforcing campaign finance and disclosure provisions and third-party advertising requirements;
- a 2021 municipal election calendar/checklist;
- a by-election calendar/checklist;
- sample Deputy Returning Officer and Presiding Deputy Returning Officer handbooks;
- sample supply lists;
- sample forms and completion instructions;
- downloadable election forms;
- sample voting station layouts; and
- a candidate's guide to running for municipal office in Alberta.

Breakdown of the Client Type Seeking Advisory Support for the 2021 Municipal Election



Ministry staff also responded to hundreds of telephone and written inquiries from municipal and school board administrations, elected officials, potential candidates, and electors. Calls included general inquiries about the municipal election processes; questions relating to qualification of candidates and elector eligibility; and inquiries from returning officers seeking advice or clarification, especially relating to the recently amended legislative requirements, the Senate election and referenda votes, and the safe conduct of the election during the pandemic.

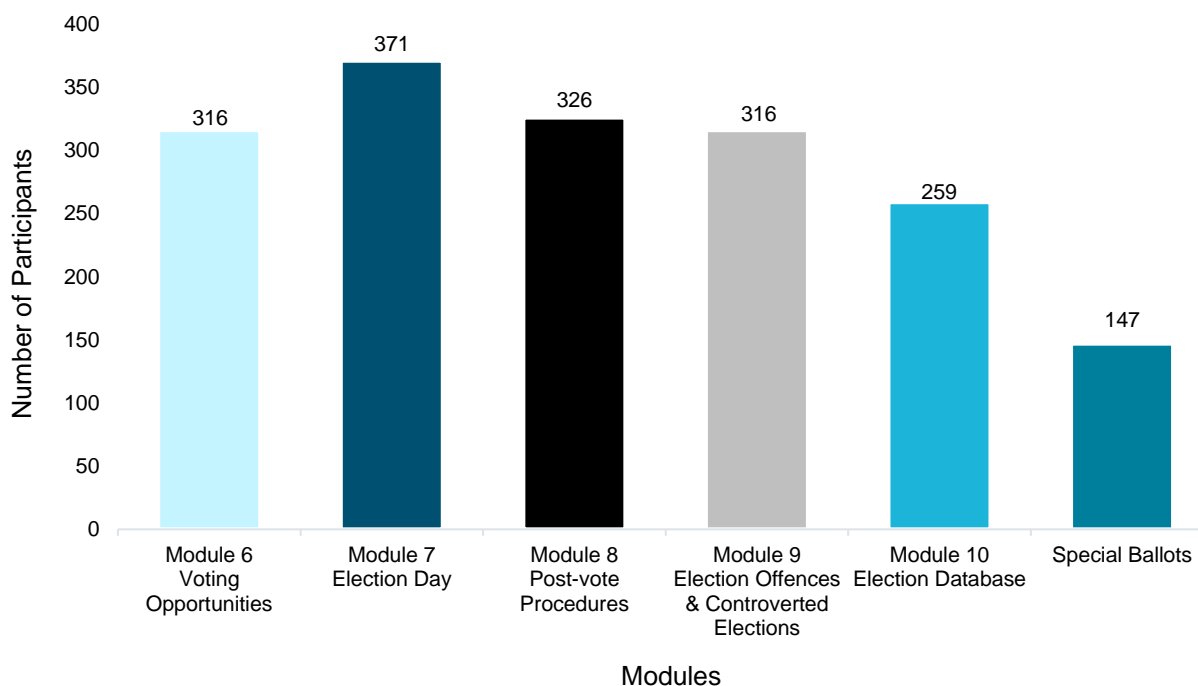
Election Training Support

Between April and June 2021, the ministry offered live election training webinars to municipal returning officers in collaboration with Elections Alberta. This was a new and radically different way of training that required ministry staff to quickly learn how to use the technology effectively and to adapt in-person facilitation strategies to a virtual format. Although some participants said they would have preferred an in-person format, many election officials – especially from smaller municipalities – appreciated the virtual format as they typically could not afford the time and expense of travelling to attend in-person sessions.

An average of 162 municipal and school board election officials participated in each of the 22 live election-training sessions. Recordings of these sessions were also posted on the Municipal Affairs website for those that could not attend the live sessions.

In April 2021, the ministry offered a virtual training session specifically for summer villages as those elections occur in July and August, two to three months ahead of elections in other Alberta municipalities. Twenty-five participants representing approximately 40 summer villages attended this training opportunity, which consisted of two half-day sessions.

Participation in 2021 Election Training (Number of Participants, by Module)



Senate and Referenda Initiative

Residents of municipalities not conducting municipal elections in October 2021 (summer villages, improvement districts, Special Areas, First Nations, and the Alberta side of the City of Lloydminster), could vote through mail-in ballots on the Senate election and referenda. The outcomes of this initiative were as follows:

- eighteen municipal partners were secured for 32 First Nations to conduct the Senate election and referenda votes;
- eleven municipal partners were secured for 40 summer villages. The remaining summer villages either voted in their community or participated via special ballots administered by Municipal Affairs;

- the City of Lloydminster agreed to conduct Senate and referenda votes in the community;
- three municipal partners were secured for Improvement Districts 4, 9, and 12; and
- Municipal Affairs was responsible for conducting the votes for the remaining First Nations (19), summer villages (two), Improvement Districts (two), and the Special Areas, as municipal partnerships were not possible.

Grants for Senate Elections and Referenda

In conjunction with the municipal elections in October 2021, the Government of Alberta held elections for Senate nominees and referenda. Both the *Alberta Senate Election Act* and *Referendum Act* required payments to be made to municipalities, Metis Settlements, band councils, and other bodies to conduct the vote, and each Act has separate grant regulations. Budget 2021 allocated \$10 million in funding to cover the costs incurred by municipalities and elected authorities that conducted Senate elections and referenda on behalf of the province. Of that \$10 million, the Senate Election Grants Regulation accounted for \$5 million, and the Referendum Payments Regulation accounted for the remaining \$5 million.

To meet the obligations under the Acts, the grant regulations stipulate the following:

- Where an election is required in a municipality or ward, the elected authority or other body that conducts the vote in that municipality or ward is to be paid a grant of \$1 per capita or \$1,000 whichever is greater (\$2 per capita or \$2,000 for both the Senate elections and referenda).
- The amount is doubled where there is no election required in a municipality (\$4 per capita or \$4,000 minimum for both Senate elections and referenda).
- In a situation where a municipality conducts an election in some wards and not others due to acclamation, the per capita rates are applied at the ward level and the municipality is eligible for the \$4,000 minimum for the Senate election and referenda.

Out of the \$10 million made available to 394 local communities in Budget 2021, 292 local governments and three First Nations received \$9.5 million in funding to conduct Senate elections and referenda in their communities and neighbouring communities on behalf of the province. Of these:

- there were 273 municipalities and eight Metis Settlements that conducted their own elections;
- twenty-nine of the 273 municipalities held elections on behalf of 74 summer villages, improvement districts, and First Nations, where Municipal Affairs was responsible for conducting the vote for electors;
- fourteen summer villages, improvement districts, and First Nations conducted their own elections; and
- twenty-four summer villages, improvement districts, and First Nations participated in the election via special ballots (mail-in-ballots) administered by Municipal Affairs.

Ongoing Advice, Resources, and Training

Municipal Advisory

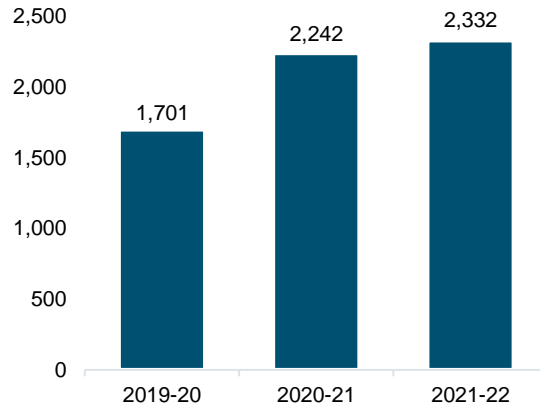
Advisory support is provided to municipalities on a wide range of topics, including municipal governance, administration, elections, planning, finance, and tax and assessment. The support is tracked through a database. Over the past four years, a negligible number of advisory calls were made on improvement districts, and more calls were received in the two years leading up to 2021-22 on most topics, with elections and council/governance topping calls in 2021-22. In 2021-22, the ministry responded to a higher than usual

advisory support call volume, largely due to the October 2021 municipal elections and the pandemic. Including the election inquiries noted previously, ministry staff responded to more than 2,300 telephone and written inquiries.

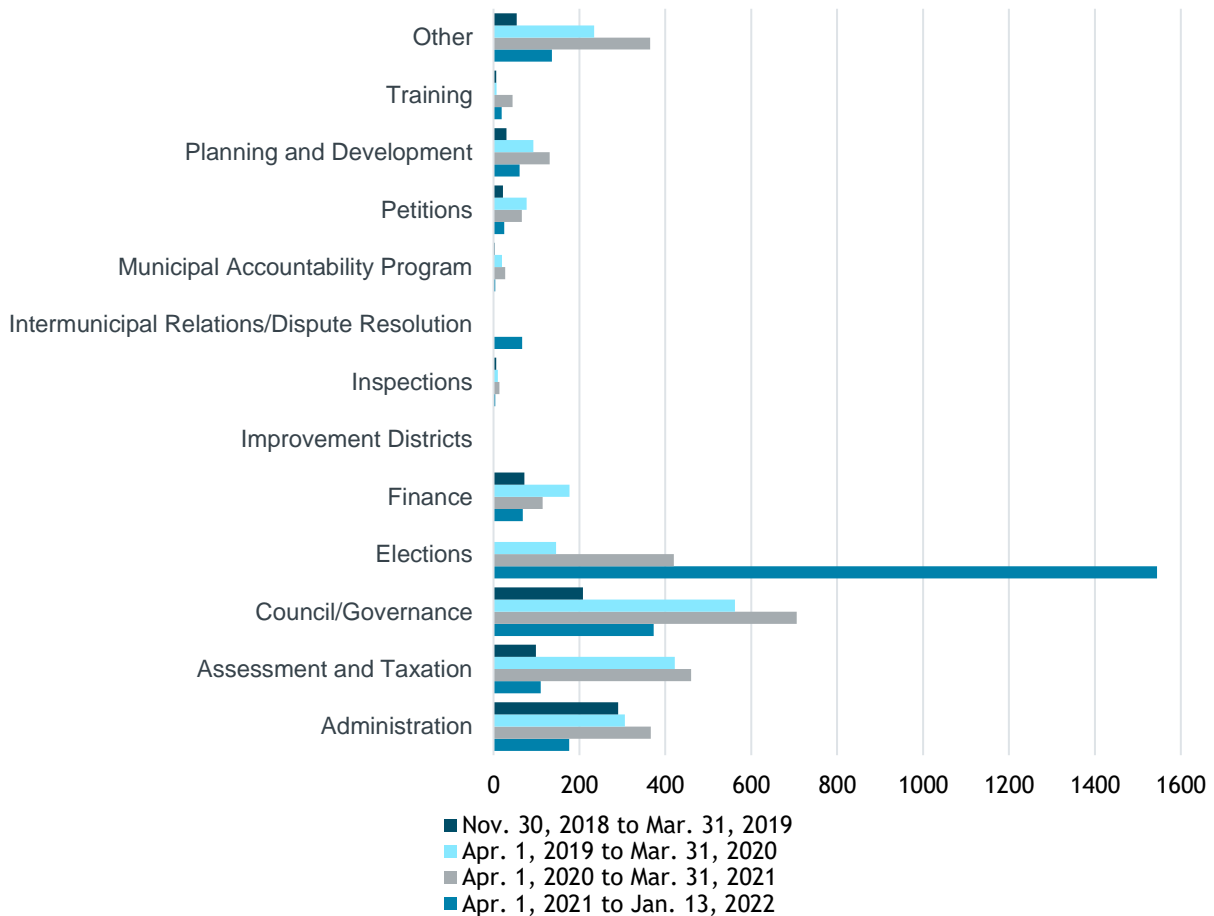
Providing advisory support continues to be critical to the ministry’s goal of supporting well-managed, accountable, and sustainable municipalities. The number of advisory calls and emails managed by staff has been consistently increasing since the tracking system was introduced.

In response to the COVID-19 pandemic, nine municipal governance updates were emailed directly to municipalities, regional services commissions, and regional planning commissions. The updates responded directly to frequently asked questions about governance, operational issues, and the election, and helped these organizations navigate the public health orders relating to masking, the Restrictions Exemption Program, and other pandemic-related matters.

Number of Advisory Calls/Emails Received



Number and Type of Advisory Calls Received, by Topic



Municipal Training

In 2021-22, Municipal Affairs focused on delivering comprehensive election training to municipal returning officers. The ministry also delivered property tax recovery training in conjunction with the Alberta Municipal Taxation Professionals Association virtual conference in September 2021. Eighty-five municipal tax clerks from across the province participated in this session.

Training for Public Libraries

Municipal Affairs supports public libraries by delivering a variety of training sessions, distributing documents, and providing direct support in response to stakeholder inquiries.

The ministry has delivered its training to public library stakeholders online since the beginning of the COVID-19 pandemic. In 2021-22, staff delivered more than 50 online training sessions or virtual conference presentations on library board governance, strategic planning, library operating grant applications, Indigenous library service, and more. Municipal Affairs staff also hosted an online symposium on resiliency, disaster planning, and business continuity in April 2021. The intent of this online training was to ensure library board members and staff across Alberta continued to receive essential information so they can better support their libraries and communities, even when they could not gather for in-person training due to public health restrictions related to the COVID-19 pandemic.

Throughout 2021-22, Municipal Affairs distributed electronic training documents on topics essential to library boards and staff, including board member appointments, the relationship and responsibilities of library boards and municipalities, and library service for Indigenous communities. In 2021-22, Municipal Affairs has taken action to ensure these training documents are accessible to people with print disabilities and visual impairments, as part of its work to improve accessibility. In 2021, the Public Library Services Branch hired a staff member with lived experience with accessibility issues and who is an expert in ensuring documents are accessible for people with print disabilities to be part of this work.

Municipal Viability

The viability review process, enabled through the *Municipal Government Act*, provides a framework to help municipalities facing significant challenges determine their ability to continue as a municipality by evaluating key areas including governance, finances, infrastructure, and services. Municipalities confronting viability challenges often face limited administrative capacities, declining populations and tax bases, and infrastructure deficits. The viability review process is concluded through a vote of local electors and can result in an action plan to address challenges in these key areas or a municipal dissolution. Through dissolution, the municipal corporation no longer exists, and the community becomes part of a neighbouring municipality.

A viability review is a collaborative process that includes the municipality under review, the municipality that would absorb the dissolved municipality, the municipal associations, and the ministry. These reviews look at a municipality's governance, finances, infrastructure, and services in order to determine what changes are required for the community to remain viable. In order to provide an accurate picture of the municipality's infrastructure status, each viability review typically includes a comprehensive infrastructure study funded through the Municipal Restructuring component of the Alberta Community Partnership program.

Viability reviews can be initiated in three ways:

1. at the request of a municipal council;
2. upon receipt of a sufficient petition from a municipality's electors; or
3. at the discretion of the minister if there is evidence that a municipality is facing significant challenges.

The Village of Hythe was the only viability review completed in 2021-22. The vote was conducted in March 2021, and 95 per cent of the votes cast were in favour of dissolving the village to become a hamlet in the County of Grande Prairie. With Cabinet's approval, the village dissolved on July 1, 2021.

Two additional viability reviews were in progress in 2021-22 for the villages of Halkirk and Warner. Due to municipal general elections taking place in October 2021, these two viability reviews were briefly paused to avoid interfering with the local election process. The Village of Halkirk's vote was conducted in March 2022, following an in-person public information session held the previous month. Of the votes cast, 40 per cent were in favour of dissolving the village to become a hamlet in the County of Paintearth, and 60 per cent were in favour of remaining a municipality. The Village of Warner's vote was conducted in March 2022, following an in-person public information session. Of the votes cast, 10 per cent were in favour of dissolving the village to become a hamlet in the County of Warner, and 90 per cent were in favour of remaining a municipality.

Overall, the number of viability reviews remains very small in the context of the total number of municipalities, and this is consistent with the number of reviews and dissolutions that have occurred over the last 10 years. In the past 10 years, 14 municipalities have dissolved based on a public vote. Residents of nine others voted to remain as a municipality, and these municipalities have either implemented – or are implementing – directives to improve their viability.

In June 2021, the Village of Clyde became the first municipality in the province to complete a five-year report on its actions to improve viability and progress on its multi-year capital plan, which was ordered by the minister in 2016 at the conclusion of a viability review. As a result, the Village of Clyde has allocated \$4.2 million to address its infrastructure deficit between 2016 and 2026, to the long-term benefit of the entire village.

Due to the ongoing COVID-19 pandemic, several mitigations have been necessary to adapt to the health measures in place at the time, including conducting virtual meetings with municipal administrations, councils, and the public, rather than in person, and implementing safety protocols during the elector votes. Mitigation practices have included virtual meetings when necessary and for in-person public engagement events, the use of masks, social distancing, capacity limits, sanitization, plastic barriers, and single-use pens.

The last voluntary amalgamation in Alberta was in 2007, when the Town of Lac La Biche and Lakeland County amalgamated to become Lac La Biche County.

A combination of in-person and virtual meetings is preferred moving forward. Collecting information for the viability reviews via virtual meetings with municipal officials works well and has cut down on travel costs and saved time. However, because it can be challenging to connect with audiences attending online presentations, the ministry is committed to resuming in-person public meetings for viability reviews when it is safe to do so. To this end, the ministry will continue to seek guidance from Alberta Health on public events going forward.

Viability Review Evaluation Project

In 2021, the ministry engaged KPMG to evaluate the viability review process independently. Surveys and focus groups were conducted with stakeholders of municipalities that participated in viability reviews completed from 2012 through 2021, including residents, municipal elected officials, and administrative officials.

The project evaluated satisfaction with the viability review process, the outcomes, and the support from the ministry post-viability review. Some key opportunities for improvement included:

- expanding engagement opportunities in the municipality under review and with neighbouring municipalities;
- improving project management and status reporting to streamline the viability review process;
- providing explicit role clarity for all stakeholders that are involved in the review process;
- adding a plain language section to the viability review report that explains the findings of the review for the average resident and, where possible, providing relatable context for residents to help make an informed decision; and
- developing a more robust post-review process.

The ministry continues to review the results of the evaluation with the intent of applying the information to ensure continuous improvement for the program.

Other Municipal Restructuring

The *Municipal Government Act* provides a process for amalgamation, which occurs when two or more municipalities join to become one municipality. Municipalities may explore voluntary amalgamation if they believe they can operate more effectively or efficiently together rather than separately.

In September 2021, the Town of Black Diamond and the Town of Turner Valley submitted their report on amalgamation negotiations and requested the minister recommend to Cabinet that the towns be amalgamated effective January 1, 2023. Following the 2021 municipal general election, the minister requested the newly elected councils of each municipality to confirm their support for the submission of their predecessors. In February 2022, the councils confirmed that they support moving forward with the amalgamation. The final decision rests with Cabinet and is expected to be made in 2022.

The Town of Rocky Mountain House, Clearwater County, and the Village of Caroline completed a regional governance study in 2021-22, which was funded by the Alberta Community Partnership program 2020-21. The key recommendation of the regional governance study was for the county and village to pursue amalgamation and continue their regional collaboration with the town. The county and village have not yet decided whether to move forward with amalgamation.

Eight summer villages in Lac Ste. Anne County began a municipal restructuring study to examine opportunities for improving local governance and intermunicipal collaboration and potential amalgamation. The study has proceeded with significant municipal dialogue and public engagement sessions since the election of new councils in 2021; however, it remains incomplete.

The *Municipal Government Act* also provides the ability to form new municipalities. This is an exceedingly rare occurrence, as all lands in the province are located in municipal boundaries; however, municipal formation is a tool that can be used to restructure the boundaries between new and existing municipalities.

In response to a 2019 elector petition, the ministry led a study to explore the viability of forming a new municipality that would constitute approximately half of the existing lands in Mackenzie County and the Town of Rainbow Lake. The study, completed in late 2021 with the support and close collaboration of the two impacted municipalities, indicated the proposed formation would result in a non-viable situation for a majority of residents. The minister has met with the municipalities to understand their perspectives and long-term desires.

The towns of Turner Valley and Black Diamond have been voluntarily exploring amalgamation intermittently since 1987, culminating in submitting their formal application for amalgamation to the province in September 2021.

Municipal Internship

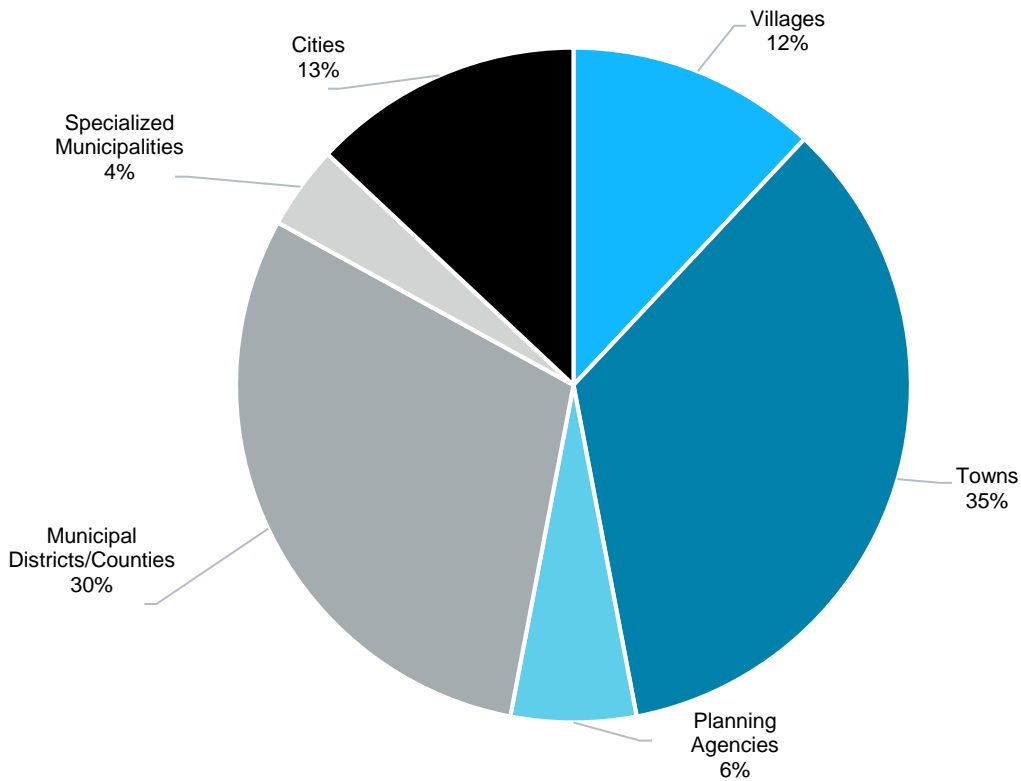
Municipal Affairs continues to offer the Municipal Internship Program, which is celebrating its 21st year. As the longest running program of its type in Canada, this partnership initiative continues to support Alberta’s municipalities and planning services agencies to provide jobs for recent post-secondary graduates eager to pursue careers in municipal administration.

Municipal interns benefit from the hands-on work experience, mentoring, and learning opportunities provided by their host organizations, as well as the unique professional development opportunities facilitated by program staff. Organizations that host interns benefit from the education, skills, and passion for learning brought by the interns. Overall, the municipal field benefits from the addition of these new professionals, with more than 100 municipalities and seven planning services agencies participating as internship hosts since 2002.

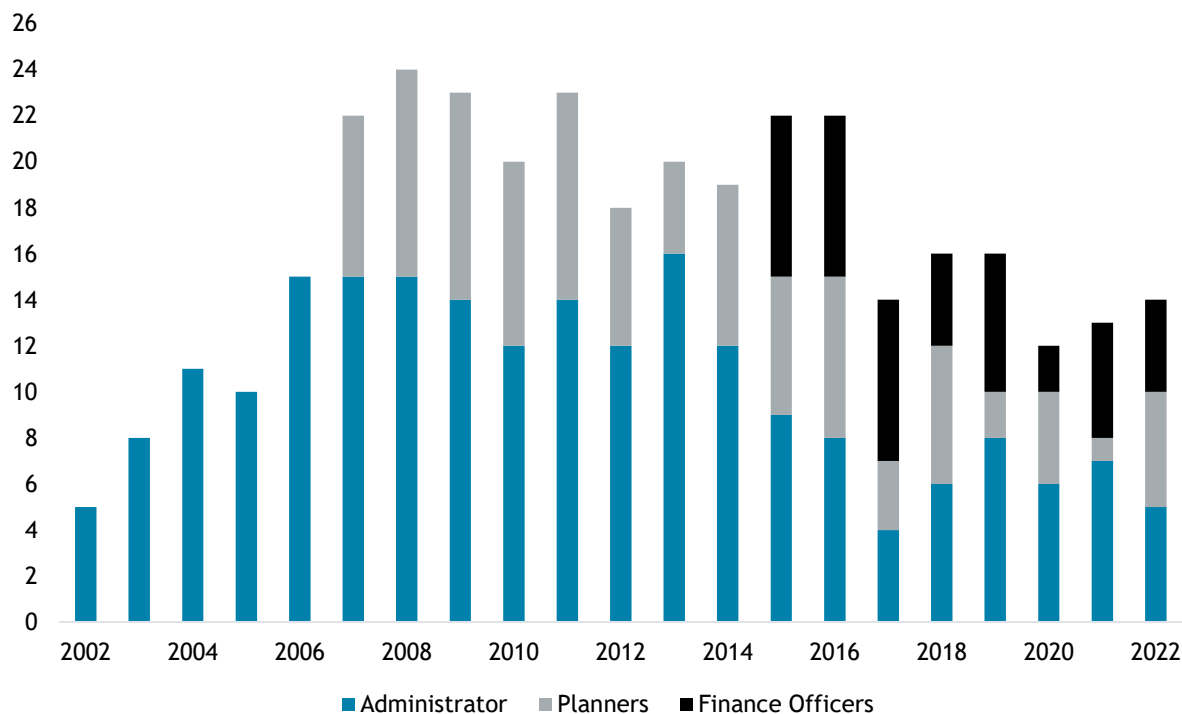
Of the more than 350 interns who have participated in the internship program since 2002, more than half are now employed in the municipal field, as well as a number of participants employed in other public sector organizations. Many alumni of the program mentor, or directly supervise, municipal interns in their organizations.

In 2021-22, the ministry provided \$980,000 in grant funding through the Alberta Community Partnership program (first- and second-year funding) to help municipalities cover the costs of hosting 11 administrator interns, five land-use planner interns, and eight finance officer interns.

Internship Hosts, 2002 to 2022



Participation in Municipal Internship Program, by Stream, 2002 to 2022 Total Number of Hosts (137)/Total Number of Interns (350)



Minister's Awards for Municipal Excellence

The annual Minister's Awards for Municipal Excellence recognize successful initiatives among Alberta municipalities. The Minister's Awards for Municipal Excellence contribute to well-managed municipalities by celebrating successes in municipal service delivery and promoting knowledge-sharing to build capacity. These awards recognize the great work being done in communities across Alberta.

A review committee that includes representatives from the following organizations evaluates the awards:

- Alberta Municipalities;
- the Rural Municipalities of Alberta;
- the Local Government Administration Association;
- the Alberta Rural Municipal Administrators' Association;
- the Society of Local Government Managers; and
- the Government Finance Officers Association.

The 2021-22 fiscal year marked the 20th year of the awards program and a record number of submissions were received for this milestone. In total, 64 submissions were received for consideration and the following municipalities received awards from the minister:

Building Economic Strength Category

City of Medicine Hat – Innovative Approach to Economic Supports

The City of Medicine Hat took innovative approaches to sustaining the local economy and encouraging the community to shop local during the COVID-19 pandemic, including the development of the Medicine Hat Business Innovation Grant to support local businesses that experienced a material adverse impact on their operations. The grant encouraged business innovation, maintained or enhanced new revenue streams, and reduced barriers for businesses to remain open as a result of increased costs associated with new guidelines put in place to mitigate the impact of the pandemic. As well, the city created Shop YXH, a one-stop shop website that focuses on buying local.

Enhancing Community Safety Category

Regional Municipality of Wood Buffalo – Vulnerable Persons Self-Registry

Lessons learned from the 2016 wildfires identified a void in the Regional Municipality of Wood Buffalo's practices when it came to vulnerable populations, such as those with disabilities, those dependent on life-sustaining technology, or elderly persons living alone. To address this gap, the municipality's Regional Emergency Services department developed the Vulnerable Persons Self-Registry. The Vulnerable Persons Self-Registry is a centralized, current, accessible, and secure information source that Regional Emergency Services and other municipal departments use to quickly identify vulnerable populations, and to account for their special needs during an emergency response or during an evacuation due to an imminent threat such as a flood, wildfire, extreme weather, or other disruptive event.

Partnership Category

Town of Devon and Enoch Cree Nation (Maskekosihk) – Indigenous Engagement and Relationship Building

The Town of Devon is a diverse community with a large population of Indigenous peoples, including Nehiyaw (Cree), Isga (Nakota), and a strong Métis community. Since the Truth and Reconciliation Commission of Canada: Calls to Action was published in 2015, the Devon council made it a priority to work on reconciliation throughout the community and its administration. The town hired an Indigenous engagement coordinator to help the town on its path of reconciliation and relationship-building. The town also undertook actions to actively engage and collaborate with neighbouring First Nations and Métis communities; provide opportunities for education and awareness of Indigenous peoples and cultures to municipal leadership, staff, and residents; and collaborated with First Nations and Indigenous peoples to bring cultural awareness events, workshops, and programs to Devon. The initiative reaffirmed the community's role as treaty partners with Indigenous peoples of Treaty Six.

Service Delivery Innovation Category

Town of Okotoks – Okotoks Transit On-Demand

Using demand management technology, the Town of Okotoks launched a curb-to-curb on-demand public transit service for all passengers. This technology manages all parameters of the system (including pickup and drop-off locations, boundaries, pickup window time, trip times, and total trip windows), so transit users can use the Okotoks Transit App to book their trip or contact the call centre to book on their behalf. The adaptability of the transit system allowed the town to adjust its service quickly in response to public health measures for social distancing. Okotoks transit was also able to fill a gap in the community during the early months of the pandemic by assisting local stores with the delivery of food and essential supplies to self-isolating residents. This allowed the transit service to provide another essential service, sustain transit revenue, and retain staff.

Smaller Municipalities Category

Town of Bruderheim – Climate Resilience Action Plan

The Town of Bruderheim worked with the towns of Gibbons and Lamont to form the Resilient Rurals partnership to develop capacity for regional climate change adaptation and resilience. Through the work of this partnership, the town was able to develop a small-town approach to addressing risks associated with climate change that reflects the risks posed to a small community. The Climate Resilience Action Plan was built on the themes of flood management and drainage, infrastructure, ecosystems and natural areas, urban trees and landscaping, human health and safety, and agriculture and food security. The plan identifies ways to manage risks and opportunities expected to result from climate change over the next several decades. The project involved an assessment of each municipality's risks and opportunities related to the environment and other factors, such as the economy, infrastructure, communication, and emergency response. Once the plan is completed, the municipalities will collectively decide which projects to pursue, based on need and potential impact.

Recognition for Red Tape Reduction Initiatives

For the 2021 Minister's Awards for Municipal Excellence, the Minister of Municipal Affairs also provided special recognition for Red Tape Reduction initiatives to municipalities that demonstrated their commitment to finding efficiencies, reducing red tape, and encouraging private sector investment. The recipients of this special recognition were:

Urban Municipality Under 10,000: Village of Elnora

The Village of Elnora undertook efforts to improve electronic access to information for residents so they can keep up-to-date on council activities, including updating and simplifying municipal documents for current and potential businesses, and providing other services such as online payments. An extensive amount of effort went into enhancing the services provided to residents, particularly when public health restrictions were in place and access to the village office was reduced.

Urban Municipality Over 10,000: City of Lloydminster

The City of Lloydminster undertook a LEAN project to review the city's business licence process in consultation with the Chamber of Commerce, Community Futures and Startup Lloydminster. The city made it easier for new businesses to establish themselves by extending the vacancy period from six to 12 months so seasonal businesses are not required to reapply for a licence and adopting a 12-mile permit radius around Lloydminster within which non-resident businesses are offered a reduced fee.

Rural Municipality: Red Deer County

Red Deer County worked to make it easier for businesses to start up in the municipality by streamlining business approvals and establishing a Concierge Business Development Service to guide developers and businesses through the full development process. The county took a collaborative approach to this work with an overall goal of helping businesses succeed in the community.

A red tape reduction category will be added for next year's awards program.

Minister's Awards for Municipal and Public Library Excellence

In early 2022, the minister approved the amalgamation of two awards programs effective 2022: the Minister's Awards for Municipal Excellence and the Public Library Excellence awards. The new program – called the Minister's Awards for Municipal and Public Library Excellence – will create a streamlined and consistent recognition initiative for Municipal Affairs, be more cost-effective than running the two programs

separately, and increase awareness among municipalities and library boards of the innovative and excellent work accomplished by both of these stakeholder groups.

Collaborative Governance Initiative

In 2021-22, three municipalities accessed advice, assessment, training, and conflict coaching in situations of internal council conflict through the Collaborative Governance Initiative.

In municipal election years, the Collaborative Governance and Intermunicipal Dispute Resolution Initiatives programs receive fewer grant applications than normal, as the newly elected councils become orientated, familiarize themselves with local and intermunicipal issues, and set priorities for their four-year term. The ministry will continue to promote the benefits of the collaborative governance initiatives to municipalities as a means of building stronger relationships.

Intermunicipal Dispute Resolution Initiative

Through the Intermunicipal Dispute Resolution Initiative, the ministry offers proactive support to local governments to explore ways to improve conflict management, build better relationships, and improve communication between municipalities that share common boundaries or shared service areas. The use of mediation or other dispute resolution alternatives is encouraged as a way for municipalities to resolve issues before resorting to legal proceedings. Typically, intermunicipal issues resolved through mediation pertain to annexation, land-use planning, cost-sharing, or the need for improved relationships.

The ministry has been providing intermunicipal dispute resolution support for 23 years in response to a need identified by municipalities for alternatives to quasi-judicial appeals. An advisory committee composed of municipal associations, the Alternative Dispute Resolution Institute of Alberta, and the Canadian Bar Association has supported the initiative. In those 23 years, the ministry has supported 162 mediations with an overall success rate of 86 per cent.

In the last three years, from 2019 to 2021, there were 33 intermunicipal collaboration framework mediations with an 82 per cent success rate, and four intermunicipal development plan mediations with a 75 per cent success rate.

In 2021-22, the ministry provided \$115,000 in funding in support of two requests for mediation assistance involving an intermunicipal land-use dispute and an annexation. There was one application from municipalities for organizational protocol projects, which establish how municipalities will work together internally and/or externally.

Regional Services Commissions

Regional services commissions are a long-standing – and successful – form of governance for delivering services on behalf of municipal members. They can deliver one or more services, which can include water, wastewater, solid waste management, property assessment, emergency services, land-use planning, and transit. Regional services commissions have their own distinct legal status, operate independently from the member municipalities, and provide their own administration and operations. The board of directors of each commission provides governance and oversight; these boards are comprised of councillors from the member authorities.

Streamlined provisions put in place in 2020 in the *Municipal Government Act*, created efficiencies for the regional services commissions. This included reducing – and in most cases, removing – the need for ministerial approval for specific functions, such as passing or revising board of director appointment bylaws, disposing of assets, and providing services outside of members' boundaries.

Seventy-five regional services commissions established under the former legislative framework were maintained by Ministerial Order, ensuring their status and ability to continue operations was not affected. In 2021-22, one new regional services commission was established: the Leduc and District Regional Waste Management Commission was the first regional services commission formed under the new legislation.

The Sylvan Lake Regional Water Commission and Sylvan Lake Regional Wastewater Commission merged to create efficiencies in service delivery, as they both had the same members and served the same area. This resulted in the disestablishment of the Sylvan Lake Regional Water Commission, with the newly formed Sylvan Lake Regional Water/Wastewater Commission providing both water and wastewater services to its members. The Beaver Regional Waste Management Services Commission was also disestablished.

As municipalities continue to seek efficiencies in service delivery for residents, it is expected regional services commissions will continue to be a valuable regional option.

Alberta Community Partnership

Municipal Restructuring

The Municipal Restructuring component of the Alberta Community Partnership program provides grants to municipalities undertaking viability reviews or restructuring activities, such as dissolution or amalgamation.

In 2021-22, \$1.2 million was provided to the County of Grande Prairie for transitional and infrastructure funding relating to the dissolution of Hythe; and \$100,000 funded one regional governance study involving two municipalities.

Intermunicipal Collaboration

The Intermunicipal Collaboration component of the Alberta Community Partnership program provides competitive grants to municipal partnerships pursuing regional approaches to service delivery. To be eligible, projects must focus on supporting regional land-use and service-delivery planning — specifically, development of intermunicipal collaboration frameworks and intermunicipal development plans.

In 2021-22, the Intermunicipal Collaboration component provided grant funding totalling approximately \$200,000 to support the municipalities of Drayton Valley-Brazeau County, and Sturgeon County and City of St. Albert, in the development of new or updated intermunicipal development plans and intermunicipal collaboration frameworks. Approximately \$4.9 million went to support 63 municipalities as they developed regional land-use and service-delivery arrangements.

Mediation and Cooperative Processes

The Mediation and Cooperative Processes component provides grants to municipalities to access dispute resolution services, develop pre-emptive cooperation protocols and procedures, or to engage third-party mediators or facilitators to assist with intermunicipal collaborative framework negotiations. Under this stream, funding can be used to hire a mediator or facilitator (one-half the cost, up to \$50,000), in order to help negotiate service agreements pertaining to intermunicipal collaboration frameworks and/or intermunicipal development plans.

In 2021-22, \$75,000 was provided to support four applications: two for an intermunicipal land-use dispute and annexation negotiation, one for a collaborative governance initiative, and one for a citizen engagement strategy.

Municipal Internship

The Municipal Internship component provides grants and capacity-building to municipalities and planning services agencies to host land-use planner, finance officer, or municipal administrator internships.

The ministry also approved \$980,000 in grant funding to participating municipalities to cover the costs of hosting 11 administrator interns, eight finance officer interns, and five land-use planner interns in 2021-22. To ensure the highest-quality program possible and a positive experience for most interns and their host municipalities, the ministry also provided approximately 500 hours of training and coaching support to help build the capacity of interns and their supervisors.

Public Library Provincial Funding

Stable provincial funding for public libraries ensures library service remains equitable across the province. In 2021-22, the Government of Alberta funded public libraries and library services in Alberta at \$37 million. Of this, \$30.5 million was direct operating grant funding to public library boards. This funding supports library service to municipal residents and residents of neighbouring First Nation reserves and Metis Settlements.

Municipal Affairs invests \$1 million annually in electronic resources for all public libraries across Alberta. This investment widens the range, quantity, and quality of library resources available to residents throughout the province. It also helps ensure equitable access to resources for all Albertans, even if they do not enter a physical library building. Electronic resources funded in 2021-22 include:

- audiobooks and e-magazines;
- PressReader, which provides international newspapers and magazines electronically;
- Pronunciator, which provides language learning opportunities to Albertans; and
- the Read Alberta Ebooks Collection, which makes nearly 2,000 Alberta-published ebooks available to readers across the province in partnership with the Book Publishers Association of Alberta. Included in the collection is the Prairie Indigenous Ebooks Collection, which has more than 200 books written by Indigenous authors and published in Alberta, Saskatchewan, and Manitoba.

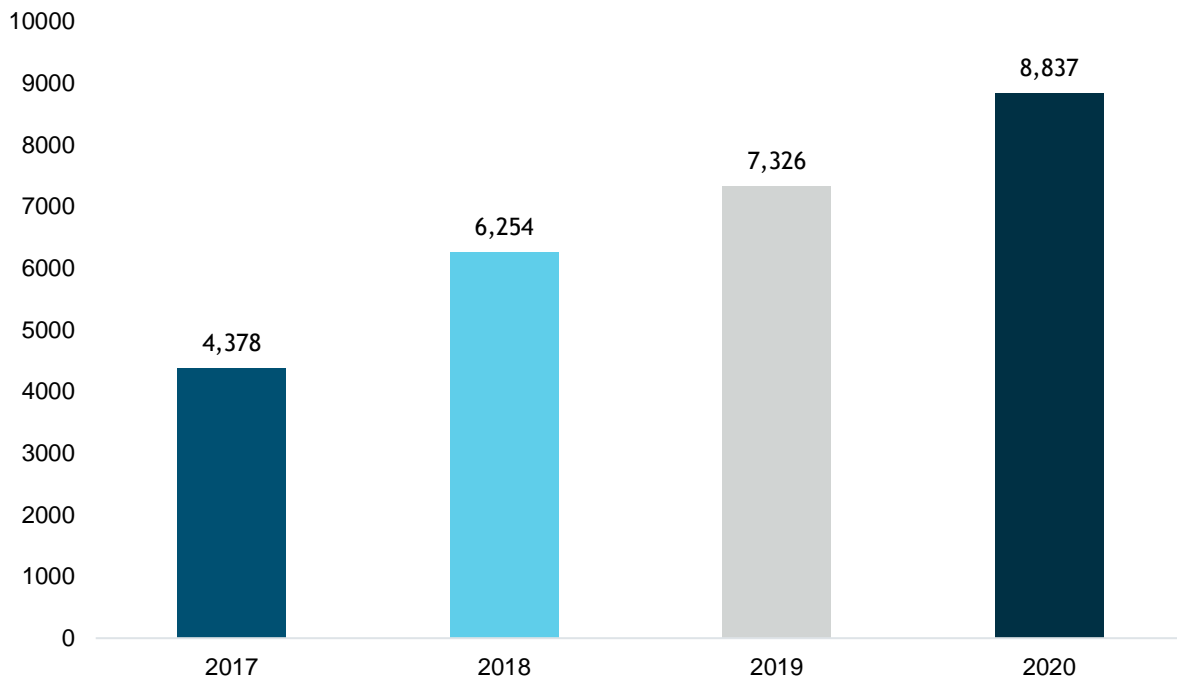
To support access to these and other resources on the internet, Municipal Affairs funds SuperNet use for all libraries in the Public Library Network at a cost of \$2.5 million per year. Municipal Affairs continues to support equitable access to library resources for people with print disabilities by providing \$323,000 in combined funding to the National Network for Equitable Library Service and the Centre for Equitable Library Access. Municipal Affairs also provided \$50,000 to the National Network for Equitable Library Service to fund three internship positions to assist with creating accessible format materials at the University of Alberta School of Library and Information Studies.

In 2016-17, Municipal Affairs began providing \$700,000 annually to three large urban libraries and six regional library systems to serve neighbouring Indigenous populations outside municipal boundaries, and continued to do so in 2021-22. Traditionally underserved in Alberta public libraries, all on-reserve and on-settlement populations now have equitable access to public library resources.

Public libraries or Indigenous outreach services are now available at Alexis Nakota Sioux Nation, Cold Lake First Nation, Elizabeth Metis Settlement, Enoch Cree Nation, Frog Lake First Nation, Fishing Lake Metis Settlement, Goodfish Lake First Nation, Heart Lake First Nation, Maskwacis, Saddle Lake Cree Nation, and Sunchild First Nation School. Frog Lake First Nation and Fishing Lake Metis Settlement also joined their local regional library systems in 2021-22. Examples of services include books written by and for Indigenous people, Indigenous art programs, and programs with Elders.

As shown in the chart below, the number of on-reserve and on-settlement library cards have increased in each of the past four years, even following the beginning of the COVID-19 pandemic in March 2020.

On-reserve and On-settlement Library Card Issuance, 2017-2020



2.5 Provide capital grants to support sustainable investment in municipal infrastructure

Municipal Sustainability Initiative

The Municipal Sustainability Initiative is Alberta's primary municipal infrastructure grant program. Since its inception in 2007, the program has directly helped municipalities make significant investments in local infrastructure, which promotes economic development, creates jobs, and meets the needs of Albertans.

The program balances accountability and transparency with significant municipal autonomy to determine local priorities. Examples of program-funded infrastructure projects include:

- new and rehabilitated roads;
- light-rail transit lines and vehicles to support public transit;
- library buildings to support learning activities;
- recreational facilities to improve personal and community health and wellness;
- wastewater pumping facilities and lift stations that provide wastewater removal for residents;
- stormwater retention ponds to protect municipalities from flooding; and
- fire halls to manage fire safety, services, and equipment.

Since 2007, Alberta's municipalities have been allocated more than \$14.1 billion in Municipal Sustainability Initiative funding. In 2021-22, the ministry provided more than \$1.2 billion to municipalities through the Municipal Sustainability Initiative program, including \$29.1 million under the Municipal Sustainability Initiative Operating component.

The Municipal Sustainability Initiative was initially set to expire after March 2022, to be replaced with the Local Government Fiscal Framework in April 2022. However, the *Local Measures Statutes Amendment Act* extended the program by two years from its planned conclusion date. In 2024-25, the program will be replaced with the new framework. This will include capital funding legislated under the *Local Government Fiscal Framework Act* and non-legislated operating funding. In February 2022, the province extended the Municipal Sustainability Initiative agreements between the Government of Alberta and municipalities, so funding will continue to be provided to municipalities until March 31, 2024.

Municipal Sustainability Initiative Capital Funding

Despite Alberta's fiscal challenges, the government will continue to make a substantial financial commitment to municipalities by providing an annual average of \$722 million to local governments until the end of the Municipal Sustainability Initiative (2021-24 fiscal years). This funding level represents a 25 per cent reduction from the \$963 million budgeted in 2020. Budget 2021 announced that Municipal Sustainability Initiative capital funding, over the last three years of the program, would average \$722 million. The funding was front-loaded in the first year so that priority projects could continue, and as a result, municipalities received \$1.196 billion in capital funding in 2021. This means municipalities will receive \$485 million in each of 2022 and 2023. This will help municipalities become accustomed to the reduced funding level under the Local Government Fiscal Framework, which will replace the Municipal Sustainability Initiative in 2024, with funding starting at \$722 million.

Since the start of the MSI program, more than 10,300 capital projects, totalling nearly \$13.5 billion, have been accepted under the program, and \$532 million has been expended on operating priorities.

To access an annual allocation payment, a municipality must be up-to-date on program reporting and have committed their allocation to eligible projects.

To lessen the impact of the budget reduction and ensure municipalities could plan and continue priority infrastructure projects that were underway, Municipal Sustainability Initiative Capital funding was front-loaded in 2021-22. Municipalities received \$1.2 billion in capital funding in 2021, and will receive \$485 million in each of the next two years. As the result of front-loading the funding in 2021, local governments are estimated to receive 40.6 per cent of what they received in 2021 for both 2022 and 2023, with all municipalities receiving an equal percentage reduction.

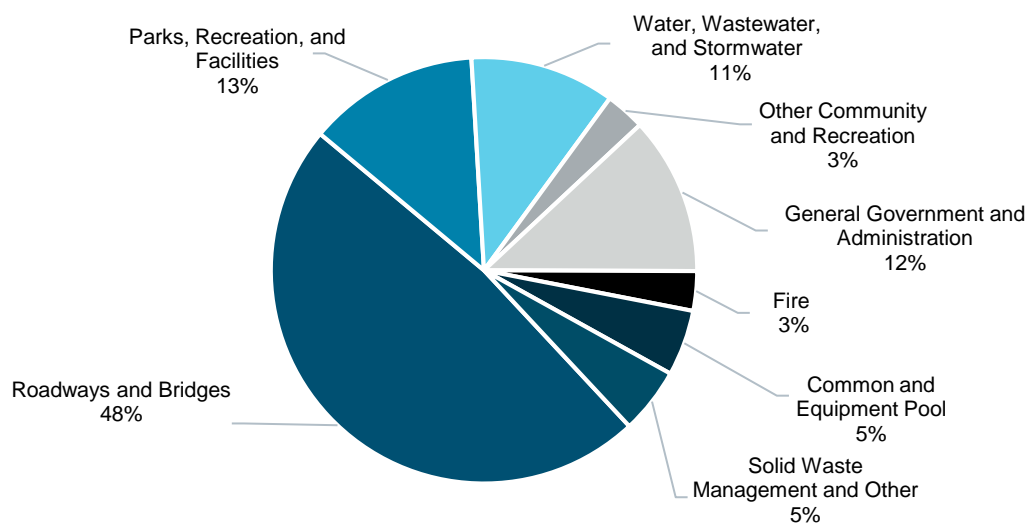
Given the significant and urgent spending pressures on the provincial government due to the COVID-19 pandemic and economic downturn, the province implemented a new step in the payment process for the 2020-21 capital allocation. To access payments, each municipality was asked to indicate whether they intended to spend the payment on a Municipal Sustainability Initiative capital project in 2020. If not, the payment was not made until the first quarter of 2021. Of the 206 municipalities that were eligible to receive payments, 65 deferred payments or did not respond to communication from the ministry, meaning 141 requested the payment. This helped to manage provincial cash-flow requirements while ensuring capital funding was available as soon as a municipality needed it, and to support jobs and economic activity in communities across Alberta. The Municipal Sustainability Initiative Capital payment process was implemented in 2020 and continued in 2021. If funding was not required in 2021, the payment would be withheld until February 2022. Approximately \$177 million was paid in January 2022 to the 65 local governments that deferred payments or did not respond to communication from the ministry.

In 2021-22, 138 eligible municipalities opted to be paid their 2021 allocation prior to February 2022, which reflects that they intended to proceed with their capital infrastructure projects in 2021.

Municipalities are accountable to provide a true estimation of costs for the appropriate use of grant funds. Applications include estimated project costs, and municipalities report annually on the status of each project and its expenditures. The quality of submission of the 2020 statement of funding expenditure reporting

(i.e., requiring no changes) improved by 25 per cent as compared to the 2019 program year.

Capital Funding for Local Infrastructure Projects, 2021-22



In 2021-22, municipalities committed \$704 million of capital funding for 860 accepted projects. Projects include:

- replacing the Rundle Manor affordable housing complex in the City of Calgary to provide 145 more spaces for Calgarians in need;
- rehabilitating the Grandview, Eastwood, Elmwood, and Yellowhead corridor neighbourhoods in the City of Edmonton, including roads, sidewalks, and park and recreation areas, and updating flood mitigation and safety features in mature neighbourhoods;
- replacing several bridges, strengthening bridge spans and constructing new culverts in Sturgeon County;
- stabilizing the slope along Rosevear Bridge in Yellowhead County, ensuring a natural erosion process and preventing damage to the bridge structure;
- replacing a snow blower for the Town of High Level, providing snow clearing capacity for both the airport and town roads;
- constructing the Starline Business Park in the Town of Claresholm, including roads and underground utilities, for future industrial development;
- installing a fibre-optic internet network in the Town of Nanton to provide consistent internet service to key municipal facilities;
- purchasing fire-fighting bunker gear to ensure the safety of the firefighters in the Town of Trochu;
- installing wireless water meters in coordination between the Village of Myrnam and County of Two Hills to ensure accurate readability;
- rehabilitating the water tower in the Village of Big Valley, for a reliable supply of water;

- purchasing and installing a new playground in the Summer Village of Sundance Beach to provide families a place to enjoy; and
- extending Willow Flat Road by several kilometres, providing room for residential and agricultural development in the Kikino Metis Settlement.

Local Government Fiscal Framework

The *Local Measures Statutes Amendment Act, 2021*, amended the *Local Government Fiscal Framework Act* and postponed the implementation of the Local Government Fiscal Framework until 2024-25. The amendments received royal assent on June 17, 2021. The Local Government Fiscal Framework will replace the Municipal Sustainability Initiative Capital program in April 2024, as set out in the *Local Government Fiscal Framework Act*.

The new funding framework will implement a baseline funding of \$722 million in 2024-25, with \$382 million allocated to the cities of Calgary and Edmonton based on a legislated formula, and \$340 million allocated to the remaining local governments, based on a formula that is under development. Overall program funding in future years will be adjusted based on half of the percentage change in provincial revenues. This will strengthen predictability for municipalities, while ensuring overall funding amounts remain sustainable for the province.

While the Act does not set out the formula to allocate funding between most local governments, it does include the formula to allocate funding between the cities of Edmonton and Calgary, which is based on population, education property tax requisitions, and kilometres of local road. For other municipalities, Municipal Affairs is planning to engage with local governments in 2022; this will ensure local governments, as well as associations, can provide input on the Local Government Fiscal Framework funding formula and the administrative elements of the new program.

Federal Programs

Canada Community-Building Fund

The Canada Community-Building Fund (formerly the federal Gas Tax Fund) is a municipal infrastructure program fully funded by the federal government but administered by third parties. The program provides up-front, predictable long-term funding to address local infrastructure priorities. In Alberta, Municipal Affairs administers the current program through a bilateral agreement between the province and Canada, which is a 10-year extension (2014-2024) to the previous federal Gas Tax Fund agreement. The province reports financial activities annually, and outcomes every five years, to the federal government.

In 2021-22, the Canada Community-Building Fund provided \$497.7 million to help Alberta municipalities build and revitalize their local public infrastructure, while creating jobs and long-term prosperity. The funding had a base of \$254.4 million, plus a one-time addition of \$243.3 million to support the critical role communities play in the safe restart of the economy and to reduce the risk of projects being delayed or cancelled due to the COVID-19 pandemic.

In 2021-22, Alberta municipalities committed more than \$328.7 million in program funding for 353 new municipal infrastructure projects. Eligible project categories include the following:

- roads and bridges;
- public transit;
- drinking water;
- wastewater;
- solid waste;
- community energy systems;
- sport, recreational, cultural, and tourism infrastructure;
- capacity building;

- disaster mitigation;
- brownfield redevelopment;
- broadband connectivity;
- local and regional airports; and
- fire hall and fire station infrastructure.

In fall 2021, Municipal Affairs participated in the annual program workshop hosted by Infrastructure Canada. The group discussed the program to-date (it is now in year eight of the 10-year agreement), and Infrastructure Canada announced its intention to engage with the province in 2022-23 to discuss program design improvements in advance of negotiations for the extension of the program beyond 2023-24.

Small Communities Fund

Under the federal New Building Canada Fund – Small Communities Fund agreement, initiated in 2015, Alberta and Canada each committed \$94 million to fund infrastructure projects that benefit communities with populations of fewer than 100,000 people. Approved projects are generally funded on a one-third cost-sharing basis, with the federal, provincial, and municipal governments all providing equal amounts toward eligible project costs. Fifty-six projects were approved under the Small Communities Fund in July 2015, with provincial funding allocated over five years starting in 2015-16.

Since 2015-16, 38 projects have been completed, including the following seven projects reported as completed in 2021-22:

- City of Airdrie (40th Avenue phase one and two – total project cost - \$14.1 million; total provincial funding - \$3 million; and total federal funding - \$3 million);
- Town of Drayton Valley (south sanitary trunk sewer twinning – total project cost - \$7.5 million; total provincial funding - \$2.5 million; and total federal funding - \$2.5 million);
- Town of Rainbow Lake (water distribution system rehabilitation – total project cost - \$2.4 million; total provincial funding - \$0.8 million; and total federal funding - \$0.8 million);
- Town of Rocky Mountain House (regional landfill waste disposal cell construction – total project cost - \$2.3 million; total provincial funding - \$0.7 million; and total federal funding - \$0.7 million);
- Town of Smoky Lake (cast iron watermain replacement – total project cost - \$0.5 million; total provincial funding - \$0.18 million; and total federal funding - \$0.18 million);
- Village of Consort (wastewater system upgrades - installation of new force main – total project cost - \$1.6 million; total provincial funding - \$0.53 million; and total federal funding - \$0.53 million); and
- Village of Empress (water distribution pump station replacement – total project cost - \$1.2 million; total provincial funding - \$0.38 million; and total federal funding - \$0.38 million).

Completing projects has had positive impacts on economic growth and the environment, and helped build stronger communities. A final progress report – to be prepared when the program is complete in Spring 2024 – will provide an overview of the positive impacts the Small Communities Fund projects had on specific communities and, broadly, for the province.

In late 2020, the federal government initiated an audit of a variety of grant programs, including the Small Communities Fund, and Municipal Affairs assisted the federal auditor in a review of the program. The federal government finalized the audit report in late 2021, and the province was found to be in compliance with the obligations, terms, and conditions of the agreement.

Investing in Canada Infrastructure Program

The Government of Canada introduced the Investing in Canada Infrastructure Program in 2018-19 that will provide \$3.65 billion to Alberta over 11 years. The program is focused on infrastructure projects that support the three key federal goals of:

1. creating long-term economic growth;
2. supporting a low-carbon, green economy; and
3. building inclusive communities.

In December 2018, Alberta and Canada amended the Integrated Bilateral Agreement for the Investing in Canada Infrastructure Fund, increasing the maximum federal commitment from \$3.4 billion to \$3.65 billion. In December 2020, a second amendment to the bilateral agreement was completed, which modified distribution levels under the original four funding streams and added a fifth funding stream – COVID-19 Resilience Infrastructure. Third and fourth bilateral agreement amendments, completed in January 2021 and July 2021, respectively, further revised funding commitments available under each of the five funding streams. Current federal commitments are:

- public transit (\$1.98 billion);
- green infrastructure (\$1.17 billion);
- community, culture, and recreation infrastructure (\$140.3 million);
- rural and northern communities (\$124.5 million); and
- COVID-19 resilience infrastructure (\$238.7 million).

Alberta Infrastructure oversees primary administration of the Investing in Canada Infrastructure Program agreement, with individual ministries throughout government responsible for the grant delivery of approved projects. Municipal Affairs is responsible for grant delivery for 24 of the 198 projects approved to date by the federal government. Funding agreements were executed in 2020, and most are expected to be completed in the next four years. Of the 24 projects, 11 have confirmed they have started construction, seven are finalizing engineering in advance of tender for construction, and three are awaiting approval of federal reporting requirements prior to being able to proceed to construction. Three projects reported as complete in 2021-22:

- City of Brooks (sanitary wastewater replacement and hort lift station – this project was approved under the Investing in Canada Infrastructure Program Green Infrastructure funding stream. The total project cost was \$3.8 million, with Investing in Canada Infrastructure Program funding of \$1.3 million);
- Town of Millet (agriplex upgrade – This project was approved under the Investing in Canada Infrastructure Program Rural and Northern Communities funding stream. The total project cost was \$1.3 million, with Investing in Canada Infrastructure Program funding of \$0.29 million); and
- County of Westlock (stormwater management facilities upgrading – the Town of Westlock project was approved under the Investing in Canada Infrastructure Program Green Infrastructure funding stream. The total project cost was \$4.4 million, with Investing in Canada Infrastructure Program funding of \$1.3 million).

Investing in Canada Infrastructure Program funds are reimbursed based on submitted expenditure claims, with the funds paid to recipients claimed back from the federal government through Alberta Infrastructure.

Other Ministry Activities in Support of Outcome Two

Municipal Sustainability Initiative Operating Funding

In 2021-22, the Municipal Sustainability Initiative provided \$29.1 million in operating grant funding to Alberta municipalities and Metis Settlements. This funding supports capacity-building activities to improve efficiency and effectiveness, municipal services, planning activities, and contributions to non-profit organizations. Of the budgeted \$30 million operating funding, \$900,000 was transferred to capital funding at the request of municipalities.

To provide stability in annual funding for municipalities and improve predictability in remaining Municipal Sustainability Initiative Operating funding allocations, operating allocations will be frozen at the 2021 level for both 2022 and 2023. Municipalities will therefore receive the same amount of operating funding for the next two years as they received this year.

In 2020-21, an exception was made to allow municipalities to use this operating funding unconditionally. This provided additional flexibility and reduced administrative requirements as municipalities responded to the COVID-19 pandemic. In 2021-22, Municipal Sustainability Initiative Operating returned to normal operations, and municipalities were again required to follow standard Municipal Sustainability Initiative Operating expenditure eligibility criteria. Funds are allocated by municipalities to projects supporting four main government-wide objectives:

1. municipal viability and long-term sustainability;
2. maintenance of safe, healthy, and vibrant communities;
3. the development and maintenance of core municipal infrastructure; and
4. capacity building.

Since 2019, and as part of the government's strategy to reduce red tape, the Municipal Sustainability Initiative Operating program no longer requires spending plans to be submitted with estimates of how the funding was expected to be used. Instead, local governments report annually on how the funding was expended on eligible activities in the prior year.

To manage Municipal Sustainability Initiative Operating program funding better, the ministry is developing a new information technology system that will streamline the processing of reporting and payments to municipalities. The current plan is to implement the system for use in 2022.

Asset Management

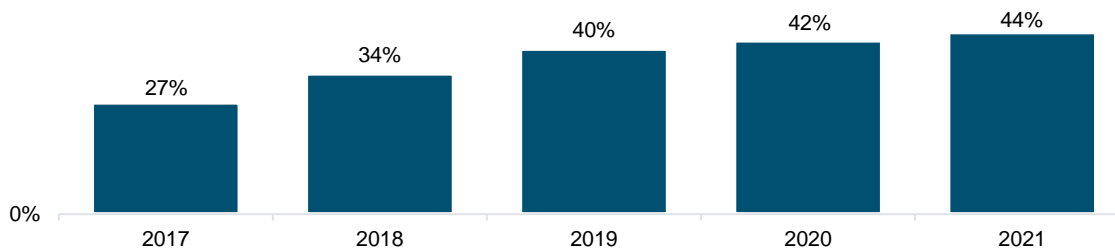
Asset management is the process of making decisions about the use and care of infrastructure assets – such as roads, bridges, and wastewater systems – to deliver services in a way that considers current and future needs, manages risks and opportunities, and makes the best use of resources. The state of public infrastructure plays an important role in every Albertan's quality of life. Attention is turning toward asset management as a process for making informed decisions to achieve the goal of delivering sustainable services, managing risks, and ensuring value for money. Municipalities are essential partners of the Government of Alberta in providing infrastructure for Albertans. Local governments are responsible for a significant amount of the infrastructure on which Albertans rely on each day, and can do their part by strengthening their capacities to prioritize and plan for infrastructure spending within their available resources.

Asset management practices, which are required to be performed throughout an asset's life cycle, allow municipalities to sustainably manage infrastructure in a planned and integrated manner to maximize value to

the community. Municipal Affairs continues to support the enhancement of asset management practices in municipalities, which provide decision-makers with information to ensure their infrastructure appropriately supports residents over the long-term. In addition to providing funding under the Municipal Sustainability Initiative Capital, Municipal Sustainability Initiative Operating, and Canada Community-Building Fund, Municipal Affairs supports and participates in Infrastructure Asset Management Alberta, a community of practice that supports and shares asset management best practices between local governments, associations, and private industry.

The ministry has conducted an annual survey of all municipalities' asset management practices since 2017. The results have consistently demonstrated that municipalities continue to enhance their asset management programs. For example, the percentage of local governments that report their staff are trained in asset management has constantly increased since 2017.

Percentage of Staff Trained in Asset Management, 2017 - 2021



To collect the municipal asset management data for the year 2021, Municipal Affairs surveyed all eligible local governments (i.e., those that have infrastructure assets) from December 2021 to January 2022.

According to the 2021 survey results, more than one-third of local governments reported they were planning to implement council-approved asset management policies in 2022. Compared to 2020, more local governments reported they have developed a schedule to regularly update and review their asset management strategies.

Grants in Place of Taxes

As Government of Alberta property is exempt from municipal taxation, municipalities may be given a grant in place of taxes – not to exceed the value of the property taxes – on eligible properties in which the Crown has an interest in the municipality. The payment acknowledges that the Government of Alberta benefits from municipal services such as roads, snow clearing, transit, and emergency services. Examples of eligible properties include provincial buildings, courthouses, correctional institutions, and grazing reserves.

Despite the province's difficult economic situation, continuing to provide grants in place of taxes payments demonstrates an acknowledgement of the vital services provided by municipalities in communities where Crown properties are located. The overall Grants in Place of Taxes program budget was reduced in 2019-20 and for following years. In 2021-22, the majority of the applications (tax notices) were paid at 50 per cent of the eligible amount. In total, \$28.9 million was provided to 167 municipalities for more than 4,700 Crown properties.

Under Schedule 2 of the Municipal Affairs Grants Regulation, the province pays a Grant in Place of Taxes to municipalities on behalf of a limited number of eligible seniors' accommodation facilities. Schedule 2 of the regulation was set to expire in 2021, and the provincial government has since extended the schedule to the 2024 taxation year to provide financial stability to these facilities during the province's economic recovery.

Equalized Assessment and Education Property Tax

Each year, the ministry prepares equalized assessments for every municipality in the province under the authority of the Minister of Municipal Affairs. Equalized assessments are the basis for requisitioning provincial education property tax and other requisitions from municipalities. The equalization of municipal property assessments is determined by adjusting each municipality's taxable assessment to a common level, as prescribed by regulation.

Equalized assessments are used in determining the specific contributions to be made by each municipality and in formulas for provincial grants to municipalities. The equalized assessment process levels the playing field for municipalities, so property tax requisitions and grants can be fairly allocated. Just as property owners pay taxes in proportion to the value of the property they own, municipalities are required to contribute to the provincial education and other requisitions based on the proportion of assessment in their jurisdictions.

Intermunicipal fairness and equity are important when requisitioning property taxes from municipalities and calculating grants. In this regard, it is usually necessary to make some adjustments in the assessment base figures that each municipality reports to the province before those assessments are used to determine each municipality's contribution to a regional or provincial program, or its equitable share of grant dollars. These adjustments are made through the equalized assessment process.

The *Municipal Government Act* requires most properties be assessed at market value. Ideally, all properties would be assessed at 100 per cent of market value. However, in practice, assessments may vary from market value. Municipal assessors estimate the market values of sold and unsold properties by applying a technique called mass appraisal. Using common data and standard methodology, this technique enables an assessor to value a large group of properties in a short period. Mass appraisal is a practice used widely in the assessment of property, but it does not necessarily result in a value at 100 per cent of market value. This variation is recognized by legislation, which specifies an acceptable range (95 to 105 per cent) within which a group of properties can be assessed below or above market value.

Because this range may occur, equalization is used to adjust each municipality's assessments to 100 per cent of market value. The equalization process removes the variations in assessment levels to make the assessment bases more comparable among municipalities. The process produces a set of adjusted, or equalized, assessments that can then be used to distribute requisitions, or allocate grants, among municipalities in a fair and equitable manner.

The official 2022 provincial equalized assessment is about \$938 billion, which is a decrease of approximately \$10.3 billion (1.09 per cent) from 2021. This decrease is the result of a decline in residential (0.8 per cent), a decrease in non-residential (3.1 per cent), and growth in machinery and equipment equalized assessment (2.4 per cent). The total equalized assessment comprises 64 per cent residential, 27 per cent non-residential, and nine per cent machinery and equipment. Of interest is the approximate \$5 billion decrease to Calgary and Edmonton's non-residential equalized assessment. This decline is the result of the slower Alberta economy over the last two to three years and the COVID-19 pandemic, which resulted in significant assessment reductions (20 to 40 per cent) in the commercial lodging property category between the 2021 and 2022 equalized assessments.

Education property taxes provide stable funding for the kindergarten-to-Grade 12 education system. The Government of Alberta determines the total education property tax to be collected, and Municipal Affairs supports the provincial education property tax system by calculating the annual education property tax

requisition for each municipality. Municipalities collect the education property taxes on behalf of the provincial government and remit the funds to the Alberta School Foundation Fund or the opted-out separate school boards. The education property taxes are then pooled by the provincial government and distributed to public and separate school boards based on an equal, per-student funding formula.

The Municipal Government (Restoring Tax Accountability) Amendment Act

The *Municipal Government (Restoring Tax Accountability) Amendment Act, 2021*, proclaimed in December 2021, amended the *Municipal Government Act* to strengthen the budgets of municipalities by restoring a special lien giving municipalities priority to collect unpaid property taxes from oil and gas companies.

The amendment provides a legal framework for municipalities to continue to fund the programs and services residents need and restores a special lien that gives municipalities priority over other creditors from oil and gas companies whether operating or bankrupt. The special lien assigns liability to the owner and operator for unpaid property taxes and introduces a 120-day period between the passing of the legislation and the payment date to negotiate payment arrangements. It also applies to all the debtor's assessable property in the municipality, and applies to unpaid taxes owing at the passing of the legislation and thereafter. This amendment balances the need for corporations to pay their fair share, while maintaining sustainable municipalities.

Requisition Credit Programs

Provincial Education Requisition Credit program

In addition to the special lien provisions in the *Municipal Government (Restoring Tax Accountability) Amendment Act, 2021*, the Provincial Education Requisition Credit program was extended by an additional two years to the 2023 tax year. The budget for the program was increased to \$30 million for the 2021-22 intake and \$15 million for each of the following two years.

This program supports municipalities as they address unpaid property taxes related to oil and gas properties. Municipal Affairs facilitates this program by accepting and reviewing applications from municipalities. Recommendations are then made to Education to provide successful applicants with an education property tax credit equal to the uncollectable education property taxes on delinquent oil and gas properties. Municipal stakeholders continue to react positively to the Provincial Education Requisition Credit program. For 2021-22, 52 municipalities submitted applications, for a total claim of \$8.6 million.

Designated Industrial Requisition Credit program

The province introduced the Designated Industrial Requisition Credit program in 2019 to address concerns raised about unpaid property taxes from designated industrial property owners. If the municipality does not collect the designated industrial requisition, they do not have to remit the requisition amount to the government, but must request cancellation through the Designated Industrial Requisition Credit Program. To streamline and reduce the administrative burden on municipalities, this program's documentation and intake process was combined with the Provincial Education Requisition Credit program in 2020; however, the approval processes for the two programs remain unique. When an application is approved, the Designated Industrial Property Tax Requisition is cancelled by a Ministerial Order issued by the Minister of Municipal Affairs. In 2021-22, 52 municipalities filed applications for the Designated Industrial Requisition Credit, which totalled \$276,420.47.

Community Revitalization Levy

The Community Revitalization Levy is a program that allows municipalities to borrow against future property tax revenues to cover infrastructure costs aimed at development in an economically blighted area. The levies are authorized under the *Municipal Government Act*, and there are currently five established areas in Alberta: Calgary's Rivers District; Edmonton's Belvedere, The Quarters, and Capital City Downtown; and Cochrane's South-Central area. The total amount of Community Revitalization Levy revenues from

municipal and education property taxes redirected from all five Community Revitalization Levy areas combined was \$83 million for the 2021 tax year.

Prior to establishing a community revitalization levy, a municipality is required to engage in discussions with the province regarding the development projects intended for the area. If provincial approval is provided, a community revitalization levy area is delineated and the municipality specifies the intended development projects for the area in a community revitalization levy plan.

In 2021-22, the province agreed to the City of Edmonton's request for a new project in the Capital City Downtown Community Revitalization Levy. The new Station Lands project (expected to cost approximately \$78 million) will involve the building of a pedway and related infrastructure, and the Downtown Community Revitalization Levy revenues are expected to cover the expenses. Construction of the pedway and renovation of related infrastructure will improve walkability and better connect the Station Lands site to surrounding downtown areas, and is expected to lead to large-scale residential and commercial developments in this portion of the community revitalization levy area. Edmonton amended the Downtown Community Revitalization Levy bylaw and the plan to incorporate the Station Lands project. The Downtown Community Revitalization Levy is due to expire in 2034.

Other Regulation Amendments

The education property tax exemption for electric power generation system components began in the 2003 tax year as part of a provincial agreement with industry to facilitate targeted expansion of new electricity generation capacity, following government's efforts to de-regulate power generation in Alberta. The exemption was scheduled to expire on Dec 31, 2021. Its continuation ensures stability in a long-standing government policy regarding the provincial property tax treatment of electric power generation facilities, which still serves a public interest. This exemption ensures electric power generation facilities are treated in the same manner as machinery and equipment, which receive an education property tax rate of zero.

The value of the education property tax exemptions is estimated at an equivalent \$26 million over 85 facilities. Analysis from Alberta Energy and Municipal Affairs determined that continuing the exemption:

- provides investment certainty regarding the tax treatment of electric power generation property during the transition from coal to gas generation;
- maintains stability in the utilities and power industry;
- avoids triggering change-in-law coverage in 11 of 12 renewable energy program contracts;
- preserves equitable taxation policies for all electric power generating properties; and
- mitigates potential for negative impacts of shifting increased electricity costs to Albertans.

Outcome Three: Albertans are protected with safe buildings, homes, and communities

3.1 Align the safety system (i.e. administration of the *Safety Codes Act* and the *New Home Buyer Protection Act*) to a quality assurance framework that increases partner autonomy and accountability.

Quality Assurance Framework

In Alberta, the public safety codes system includes all of the activities under the *Safety Codes Act*, and *New Home Buyer Protection Act*, safety codes and standards, and numerous stakeholder partners involved in administering the legislation. The safety codes incorporate 10 disciplines: amusement rides, boilers and pressure vessels, building, electrical, elevator, fire, gas, plumbing, private sewage, and ski lifts. The system is designed to reduce the risk of harm and loss in Alberta's buildings, facilities, and associated infrastructure to protect Albertans in their communities. The quality assurance framework is a policy document that articulates roles, responsibilities, and overall expectations of all safety codes system partners, and identifies five desired outcomes for the safety codes system, which are:

- effective oversight of safety codes system delivery;
- clearly-defined roles and expectations;
- risk-based strategic priorities informed by data;
- collaboration with partners/stakeholders in the safety codes system; and
- an accountable safety codes system through a defined system of monitoring.

Specifically, the framework:

- provides direction and support so the system is responsive and aligned to meet the needs of system partners, the economy, and the public;
- provides opportunities to set policy priorities based on evidence and prioritize work and collaborate with safety codes system partners to leverage expertise, reduce duplication, and ensure alignment;
- serves as the basis for the ongoing evolution of the safety codes system and provides a foundation to inform decisions on future system direction;
- outlines an accountability system that focuses on a more strategic and transparent approach to planning, as well as a way to communicate priorities and direction; and
- identifies processes for continuous improvement through monitoring and evaluation.

The framework provides the guiding direction and vision for the various initiatives of the department and its safety codes system partners.

Assurance Reviews

As part of its role in safety codes system oversight, Municipal Affairs assesses whether administrative partners are providing quality services that align to and mitigate risks to achieving system outcomes. Program staff from the ministry are responsible for quality assurance reviews of safety codes system

administration partners, including the Safety Codes Council, the Alberta Boilers Safety Association, and the Alberta Elevating Devices and Amusement Rides Safety Association.

Ministry staff initiated the first assurance review of the Safety Codes Council to evaluate how well it was doing when it comes to achieving system outcomes associated with core elements of the safety codes system such as:

- policy and code development;
- certification and education;
- accreditation;
- compliance; and
- evaluation and monitoring.

The initial review was designed to help understand how the Safety Codes Council was performing in achieving expected policy and code development outcomes within their scope. The assurance plan concept is intended to compliment – not replace – other requirements and accountabilities, such as financial audits. Progress on the review slowed due to personnel changes, and the challenges around the COVID-19 pandemic. However, the ministry still intends to undertake quality assurance reviews of safety codes system partners, and staff will be looking to continue the review process in the coming year.

Data Analytics

Data analytics is considered a foundational piece in the ministry's quality assurance framework. The use of data analytics is key to supporting two changes under the framework:

- A shift from a reactive system to a proactive one. Data and analytics will be used to identify risks proactively, outline strategic priorities, and guide risk tolerance and mitigation responses.
- A shift from a fragmented system focused on administrative data to a unified system focused on robust data analytics. This will allow partners/stakeholders to make informed decisions as they mitigate risks and improve the safety codes system.

There are a number of data systems in the safety codes system, primarily for specific administrative or financial purposes, and most of this data is not widely accessible to the system as a whole. Improvements, such as data-sharing agreements and/or information technology modernizations, are needed so each partner/stakeholder can access useful information. The ministry is working to move forward with these changes.

Administrative Penalty Program

Administrative penalty provisions were amended under the *Safety Codes Act* to provide an additional tool to enforce and promote compliance with the Act. The use of administrative penalties reflects a shift in the safety codes system, as it provides an additional enforcement tool when it comes to responding to matters of non-compliance. Administrative penalties came into effect on July 23, 2020.

An administrative penalty may be imposed by the administrator of administrative penalties – an employee of the Government of Alberta appointed by the Minister of Municipal Affairs – when a person has failed to comply with certain provisions of the *Safety Codes Act*; an order made under the Act; or a condition in a permit, certificate, or variance issued under the Act. Administrative

Administrative penalties provide an additional tool for gaining compliance within the safety codes system.

penalties support improved compliance outcomes, and do not replace orders and prosecution under the *Safety Codes Act*. A penalty can be issued as a single amount, or an amount for each day the contravention or failure to comply continues to a maximum daily amount of \$10,000. The most a penalty can be cumulatively is \$100,000.

As an enforcement tool under the *Safety Codes Act*, administrative penalties expand the compliance tools within the safety codes system by providing an additional option for managing quality assurance by providing an additional option when issuing an order (or multiple orders), or pursuing lengthy court proceedings is not appropriate

Accreditation and Certification

Municipal Affairs is accredited by two international boards, the International Fire Service Accreditation Congress and the Pro Board – to administer provincial testing and certification to National Fire Protection Association standards. The program serves municipal fire departments, industrial fire departments, and schools.

The Alberta Fire Service Certification Program is responsible for:

- developing and maintaining assessment tools (exams and skills evaluations) for all standards for which the program is accredited;
- creating and delivering exam and evaluation packages;
- overseeing the administration of exams and evaluations by approved proctors and evaluators; and
- reviewing appeals and investigating concerns.

In addition, the program is responsible for reviewing and approving assessment packages, scoring exams, reviewing applications for certification and issuing certificates, and maintaining student records.

In 2021-22, the testing program made changes to accommodate provincial COVID-19 restrictions, including transitioning from paper-based to digital records, to increase efficiency and allow for staff to work from home. Approximately 5,000 to 6,000 fire services exams are administered every year, with 5,391 written in 2021-22. The Alberta Fire Service Certification Program maintains records for more than 15,000 students.

Appointments to the Safety Codes Council and Delegated Administrative Organizations

The Minister of Municipal Affairs appoints the chair of the board of the Safety Codes Council, public representatives to the council's technical sub-councils, and members to the boards of two delegated administrative organizations – the Alberta Boilers Safety Association and the Alberta Elevating Devices and Amusement Rides Safety Association. Public member representatives ensure the Alberta public is represented in decisions that affect public safety.

The Safety Codes Council's sub-councils provide technical advice and conduct the majority of the province's code review work for the disciplines on which the council advises the minister. This work includes developing standards and compliance monitoring criteria for accredited organizations, as well as hearing and deciding appeals of orders and written notices. In addition, the sub-councils establish competency requirements for safety codes officers as well as evaluate the effectiveness and quality of training for safety codes officers.

The sub-councils are comprised of volunteer representatives from municipal government, educational and training institutions, industry, trades and labour, professional organizations, persons with disabilities, and other groups or organizations with an interest in the disciplines. In fall 2020, at the Safety Codes Council

Annual General Meeting, the membership voted to approve bylaw changes that included the establishment of two new sub-councils, for private sewage disposal systems and electrical utilities, bringing the number of sub-councils to 12.

In 2021, the minister appointed or reappointed nine public member representatives to nine Safety Codes Council technical sub-councils and made one public member reappointment to the Alberta Elevating Devices and Amusement Rides Safety Association. The diversity of female and male public member appointees to the boards that the Technical and Corporate Services Division supports has progressed to a relatively level split at nearly 50 per cent. In addition, recruitment postings now include a statement on the importance of diversity and inclusion when it come to the boards of Alberta's public agencies.

3.2 Represent Alberta and its policy interests, including the reduction of trade barriers, during the development of national and international codes for potential adoption in Alberta.

Alberta continues to be represented and actively involved in federal-provincial-territorial reconciliation and cooperation tables on matters related to safety codes and standards.

Regulatory Reconciliation and Cooperation Table

The Canadian Free Trade Agreement established a regulatory reconciliation process to help address barriers to trade, investment and labour. The Regulatory Reconciliation and Cooperation Table is a federal-provincial-territorial body that oversees the regulatory reconciliation process and promotes regulatory cooperation across Canada. The goal of the table is to reduce barriers to trade, investment, and labour under the Canadian Free Trade Agreement. The Regulatory Reconciliation and Cooperation Table often relies on federal/provincial/territorial committees to act as working groups to facilitate harmonization initiatives, and Municipal Affairs has membership on the following committees:

- The Provincial Territorial Advisory Committee is a provincial-territorial advisory committee that promotes cooperation and communication between provinces and territories in reviewing standardization issues.
- The National Public Safety Advisory Committee provides input and advice on the development and common adoption of safety codes and standards related to elevating devices, passenger ropeways, amusement rides, gas systems, pressure equipment, and electrical systems. The committee played an important role in the development, modernization, and harmonization of the Canadian Electrical Code to fundamental safety principles of the International Electronic Commission's International Standards. The harmonized Canadian Electrical Code was published on February 1, 2021.
- The Provincial Territorial Policy Advisory Committee on Codes, which Alberta chairs, comprises government-appointed officials and provides policy advice to the Canadian Commission on Building and Fire Codes in the development of the national building, fire, plumbing, energy, and farm codes. This committee also acts as a forum for provinces and territories to share best practices and promote harmonization of construction codes across Canada. As a result, Alberta and other jurisdictions ensure the use of the most recent edition of national safety codes and standards in construction of new buildings and homes.

National Public Safety Advisory Committee

The Safety Advisory Committee, of which Municipal Affairs is a member, continued to work on the Canadian Registration Number Agreement in 2021-22. This agreement for pressure vessels aims to establish mutual recognition of approved pressure equipment designs across Canada. Currently, a designer for a pressure vessel that is meant to be used across Canada needs to have its design registered individually in each province. Mutual recognition of registered designs aims to reduce this trade barrier by making it so registration in one province is registration in all provinces. To date, Alberta has not signed the agreement due to concerns that it does not adequately address qualification requirements and a common validation

process for design review. Alberta continues to participate in discussions toward reconciling issues in the agreement and is, in practice, treated as a member of the agreement by other provincial/territorial signatory members.

Alberta has established itself as a leader in pressure equipment safety through the Alberta Boilers Safety Association's programs and innovative approaches to supporting pressure equipment safety. The association is the delegated administrative organization to administer pressure equipment safety programs under the *Safety Codes Act*. The association established the Canadian Registration Number Online web portal in 2019, and in 2021, the portal continued to be an effective and efficient tool in facilitating real-time electronic file-sharing of technical design data among Canadian regulatory authorities. Other provinces and territories (including New Brunswick, Nova Scotia, Newfoundland and Labrador, Northwest Territories, and Nunavut) have also been using the portal for their design reviews.

Gasfitter Licensing Labour Mobility

Provinces and territories are developing a gasfitter licensing labour mobility agreement to allow gasfitters licensed in one province to be able to more easily work in other provinces by harmonizing certification and training standards across Canada. This work to reduce barriers to certification formally began in September 2020, and Alberta and other provinces and territories have completed a draft agreement that is currently under review. The Provincial Territorial Advisory Committee is the Regulatory Reconciliation and Cooperation Table working group on this agreement.

Construction Codes Reconciliation Agreement

The Construction Codes Reconciliation Agreement is a federal-provincial-territorial agreement related to the harmonization of construction codes across Canada (building, fire, energy efficiency, plumbing, and farm codes). Harmonizing construction codes promotes an open, efficient, and stable domestic market for long-term job creation, economic growth, and stability. It also encourages innovation and competition across Canada by reducing administrative and compliance costs, red tape, and time to market. The Provincial Territorial Policy Advisory Committee on Codes is the Regulatory Reconciliation and Cooperation Table working group for this agreement.

Key commitments of the agreement include:

- reducing or eliminating technical variations between the provincial/territorial construction codes and the national model codes;
- aligning the timeframe for implementation of codes across Canada to support harmonization (timely code adoption);
- transforming the national code development system to better meet the needs of federal, provincial and territorial parties; and
- providing access to a free electronic format of the national model codes, which offers cost-savings to industry and broad access for the general public.

The Construction Codes Reconciliation Agreement came into force on June 1, 2020, and Alberta signed on February 22, 2021. The Government of Canada and all other provinces and territories – except for New Brunswick, which has endorsed the agreement and is reviewing – have signed the agreement.

The federal, provincial, and territorial parties have begun work under the agreement to plan the transformation of the national code development system.

Timely Code Adoption

Alberta continues to harmonize with national and international codes through timely code adoption that ensures the most recent edition of the codes is being used. Code harmonization refers to the consistent provincial adoption of the most recent editions of national and international safety codes and standards. Adopting codes in a timely manner results in consistency in codes across the country and prevents barriers to economic development and innovation. For example, Alberta adopts the National Plumbing Code, which includes standards for regulating the technical provisions for the design and installation of new plumbing systems and applies to the extension, alteration, renewal, and repair of existing plumbing systems. Under the timely code adoption process, national and international codes are automatically implemented one year after publication. The Minister of Municipal Affairs also has the authority to bring codes into force earlier, later, or not at all, as circumstances require.

Municipal Affairs' technical administrators and other provincial representatives continue to be actively involved in code development provincially, nationally, and internationally. Municipal Affairs remains engaged with stakeholders through the Safety Codes Council's technical sub-councils, which review new codes and provide advice on the implications of adoption or proactively identify issues and trends including the need for Alberta-specific variations.

Up until this year, nine of the 10 safety disciplines (building, electrical, fire, gas, plumbing, pressure equipment, amusement rides, passenger ropeways, and private sewage) were under timely code adoption. In November 2021, the Government of Alberta approved amendments to include elevating devices under timely code adoption effective December 1, 2022. This means all 10 safety disciplines are now under automatic code adoption. In fall 2020, at the Safety Codes Council Annual General Meeting, the membership voted to approve bylaw changes that included the establishment of two new sub-councils, for private sewage disposal systems and electrical utilities, bringing the number of sub-councils to 12. Sub-councils are created to carry out activities of the board in an area of a discipline.

Codes automatically come into force in Alberta one year after publication. For example, a notice was issued to industry and stakeholders in 2020 on the new gas codes that came into force in 2021. This provides for an efficient process that is beneficial to stakeholders and the public, as it allows for predictability in the schedule of code adoption and ample time to prepare.

Adoption of new codes in multiple disciplines

To reflect Municipal Affairs' ongoing commitment to release modernized safety codes that reflect the standards developed through national committee participation, the following new codes were adopted and declared in force this fiscal year:

- April 2021 – One pressure equipment standard came into force for pressure piping.
- June 2021 – One amusement ride standard came into force, reflecting standard practice for design, manufacture, operation, maintenance, and inspection of amusement rides and devices in Canada.

Building Code Review

Alberta continued to work with the National Research Council of Canada in the development of new model national codes in building, fire, energy and plumbing. At the end of 2021-22, the National Research Council of Canada published these new model codes. In reviewing their content, Municipal Affairs identified two areas where further work and analysis is needed: the inclusion of large farm buildings into the model building code and the use of 'tiers' to support energy efficiency. To support the analysis, the minister has directed the Safety Codes Council to conduct targeted engagements with a broad cross-section of stakeholders. The engagements will occur in spring 2022 and help inform next steps in the review and potential adoption of the national codes.

- October 2021 – One pressure equipment standard came into force for power piping.
- February 2022 – The Canadian Electrical Code 2021 Edition came into force as well as two CSA gas standards – the compressed natural gas and liquefied natural gas refueling stations installation codes.

Regulation Amendments

On October 20, 2021, the Government of Alberta approved amendments to two safety regulations under the *Government Organization Act*.

- The Boilers Delegated Administration Regulation delegates administration of the *Safety Codes Act* for boilers and pressure vessels to the Alberta Boilers Safety Association, which ensures the ongoing safety of pressure equipment by conducting design reviews and inspections and by certifying power engineers and pressure welders. The amendments included new provisions pertaining to pressure equipment records, new provisions to ensure the association continues to track submissions for unregistered pressure equipment, and extension of the expiry date to March 30, 2027.
- The Authorized Accredited Agencies Regulation allows the Minister of Municipal Affairs to enter into agreements with authorized accredited agencies to collect fees for permits, conduct inspections, and enforce the *Safety Codes Act*. The regulation was amended to extend its expiry date to April 30, 2024, to allow additional time for a comprehensive review and to add two new elevating devices agencies to the schedule in the regulation.

3.3 Reduce red tape for home builders to lower the regulatory cost that has increased the price of new housing.

Residential Protection Program Initiatives

The Residential Protection Program is responsible for overseeing and enforcing the *New Home Buyer Protection Act*, which establishes regulatory requirements for new home warranty and residential builder licensing. The program's objectives include:

- effective and efficient service delivery that provides value for Albertans;
- ensuring new home warranty and builder licensing protects homeowners and holds residential builders accountable; and
- promoting code compliance and best practices in the construction of new homes.

There were 2,536 builders with an active residential builder licence for the fiscal period ending March 31, 2022 – compared to 2,456 licences for the fiscal period ending March 31, 2021.

Based on an internal review conducted in 2020, and recommendations that resulted from that review, several improvements were made to the Residential Protection Program in 2021-22, including the following:

- Enhanced complaints tracking system – The program has implemented a more detailed system for documenting consumer complaints related to the construction of new homes and home warranties. This allows the program to track trends and identify key areas of concern. Over the last year, the complaint management tool recorded input from more than 200 complaints in 15 categories, and logged more than 60 issues related to individual circumstances.

- Roles and responsibilities overview for residential construction – The program’s advisory group, representing industry, delegated authorities and government, collaborated to identify and draft an overview of the many roles and responsibilities involved in the construction of new homes. This overview will be used to inform the development of educational resources and to improve collaboration and information-sharing among regulators.

A unit is a home. This could be a single-family home, condominium, townhouse, duplex, or ready-to-move/manufactured home. For the fiscal period ending March 31, 2022, there were 26,125 new home registrations in Alberta.

Building on this work, a broader review of new home buyer protections programs and policies is continuing.

Appeal of Variances

Variances, which are issued by technical administrators or safety codes officers, provide an alternative solution to respond to unique situations while still meeting the safety objectives of existing codes and standards. If in their opinion, a proposed thing, process, or activity provides equivalent or greater safety performance with respect to persons and property a variance can be issued. Stakeholders expressed concern that the issuance of variances by safety codes officers was not consistent across the province, leading to confusion and a lack of innovation in safety. By enabling a means for variance refusals to be reviewed through the Safety Codes Council, industry will have greater confidence that the system is more consistent.

Sections 19 and 25 of the *Safety Codes Amendment Act, 2015* were proclaimed with a coming into force date of December 1, 2021. These sections establish a process for individuals to appeal the refusal of a safety codes officer to issue a variance (Section 25), and to establish that variances issued by an administrator cannot be appealed (Section 19).

Stakeholders have expressed concerns that variance requests had been dismissed by safety codes officers without due consideration. To improve the perceived integrity of the variance system and address concerns related to administrative fairness, the Safety Codes Council implemented training for safety codes officers on variances and related decision-making.

An applicant who receives a variance refusal notice from a safety codes officer may, within 30 days after the notice is received, appeal the refusal to the Safety Codes Council in accordance with the council’s bylaws.

Risk-based Inspections

Municipal Affairs continues to support the Safety Codes Council on planning and implementing a data-driven approach to inspections for accredited entities. Municipalities, agencies, corporations, and regional commissions can be accredited to administer the *Safety Codes Act* in a specified jurisdiction.

The safety codes system requires inspections to be performed on permitted buildings or systems to verify safety requirements have been met. To ensure codes are being applied correctly, local authorities accredited by the Safety Codes Council to perform inspection services for various disciplines in their jurisdiction, must complete site inspections at specified stages for each project that vary based on discipline and complexity.

The renewed provincial accreditation framework will enable accredited entities that administer the *Safety Codes Act* to facilitate more efficient, evidence-based inspections. Under the proposed framework, lower-risk activities may be inspected with less frequency, allowing municipalities to confidently allocate inspection resources to higher-risk activities, thereby maintaining appropriate safety standards and removing barriers to economic growth. Data collection and analysis will provide the evidence to support changes in the frequency of inspections to address current risks to persons and property.

In February 2022, the Safety Codes Council began engaging with stakeholders on the accreditation framework. The council anticipates the renewed accreditation framework will be implemented in late 2022.

Performance Measure 3.a: Number of injuries and fatalities caused by structural or mechanical failure of buildings and associated systems per 100,000 population in Alberta

Prior Years' Results			2021-22 (2021) Target	2021-22 (2021) Actual
2018-19 (2018)	2019-20 (2019)	2020-21 (2020)		
0.83	0.80	0.59	0.82	0.67

The 2021-22 results for this performance metric reflect the 2021 calendar year. In 2021, there were 30 injuries and fatalities due to mechanical/structural failure in the 10 measured disciplines in the safety codes system, compared to 25 in 2020. The relatively small number of injuries and fatalities suggests there continues to be a low level of risk in the system.

While there is not yet a substantial pool of historical data from which to pull, recent data suggests the number of incidents is small enough that one or two incidents (plus or minus) are within the general range for the measure and do not indicate anything substantial in the system that needs to be addressed.

When this measure is viewed in combination with performance indicator 3.b, it is clear that the vast majority of injuries and fatalities in the safety codes system are not due to mechanical or structural failure, and this suggests that the safety codes system is effective at ensuring buildings, equipment, and devices are safe.

The majority of injuries and fatalities in 2021 were in the fire discipline (53 per cent, or 16 incidents), with the next highest number in the elevating devices discipline (33 per cent or 10 incidents).

The actual numbers shown in this metric reflect the source data available at the time the metric was prepared, they represent the data at a certain point in time, and are not adjusted once reported. As late-arriving data for previous periods is entered, the source data may shift slightly. This is especially true for numbers involving the fire discipline, which make up a large share of the incidents reported here.

Performance Indicator 3.b: Number of injuries and fatalities involving buildings or associated systems not caused by structural or mechanical failure per 100,000 population in Alberta

Prior Years' Results			2021
2018	2019	2020	
5.12	4.05	3.04	4.44

The 2021-22 results for this performance indicator reflect the 2021 calendar year. In 2021, there were 198 injuries or fatalities identified across the safety codes disciplines that were not caused by structural or mechanical failures. The population of Alberta for 2021 was recorded as 4,464,170. As such, the number of injuries or fatalities per 100,000 was 4.44.

This was an increase of 68 incidents from the 130 incidents reported in 2020, and 25 more than the 173 incidents reported in 2019.

Initially, this indicator reported on only six of the 10 safety disciplines (fire, electrical, pressure equipment, elevating devices, amusement rides, and passenger ropeways). It was expanded to include the remaining disciplines under the *Safety Codes Act*, (building, plumbing, gas, private sewage), with the intention of continuing to update numbers for all disciplines annually.

The actual numbers shown in this metric reflect the source data available at the time the metric was prepared, they represent the data at a certain point in time, and are not adjusted once reported. As late-arriving data for previous periods is entered, the source data may shift slightly. This is especially true for numbers involving the fire discipline, which make up a large share of the incidents reported here.

Performance Indicator 3.c: Number of reported fires not caused by structural or mechanical failure of buildings and associated systems, per 100,000 population in Alberta

Prior Years' Results			2021
2018	2019	2020	
100.09*	80.22*	89.68	102.64

*Note: Indicators from previous years are recalculated using the most up-to-date information on reported fires in the Fire Electronic Reporting System to capture corrections and late-arriving reports from previous years.

The 2021-22 results for this performance indicator reflect the 2021 calendar year.

After a gradual reduction in the number of reported fires received by the division from 2017 to 2019, the number of reports received in 2020-21 increased by about 12 per cent, and in 2021-22, by approximately 15 per cent.

While the population has also increased every year in the past five years, it has not grown at the same rate as the number of reported fires (not caused by structural or mechanical failure of buildings and associated systems), resulting in an increasing per-capita number.

This increase could be due to any number of factors, including:

- an underlying increase in fire activity across the province;
- changes in fire reporting practice among the fire agencies and insurance adjusters that provide the information to the Fire Electronic Reporting System;
- changes in underlying building use and risk exposure due to the effects of public health orders and restrictions issued to address COVID-19; or
- a mix of all of these factors.

Outcome Four: Alberta is emergency-ready and resilient to the impacts of disasters

4.1 Work with and support Albertans and their communities as they manage the impacts of the pandemic.

Community Emergency Management Plans

Every local authority in Alberta is required to have an emergency management plan, as mandated under the *Emergency Management Act* and the Local Authority Emergency Management Regulation. A local authority is defined as the council of a city, town, village, summer village, county, municipal district, specialized municipality, Metis Settlement, or improvement district governed by a council.

In 2021-22, the ministry continued to conduct the standardized community emergency management plan review process; however, the COVID-19 pandemic limited the number of in-person reviews. These reviews ensure local authority plans and processes meet the regulation's requirements. In 2021, an online tool was developed to streamline data collection and help identify and rectify any gaps in regulatory compliance.

Performance Measure 4.a: Percentage of communities visited by an Alberta Emergency Management Agency field officer and had their Community Emergency Management Plan reviewed annually

Prior Years' Results			2021-22 Target	2021-22 Actual
2018-19	2019-20	2020-21		
93%	85%	83%	80%	85%

This performance measure was introduced in the 2016-17 fiscal year. It reflects Alberta Emergency Management Agency's efforts to plan and conduct emergency management plan reviews. Community visits are typically within operational control unless an emergency or disaster event occurs.

The results indicate that 84.6 per cent of communities – municipalities, First Nations, Metis Settlements – in Alberta were visited by an Alberta Emergency Management Agency field officer, and had their community emergency management plan reviewed. Field officer visits and plan reviews were completed in 323 out of 382 communities, including the combined activities of regional field officers and First Nations' field officers.

The regional field officers completed visits and plan reviews for 311 out of 336 communities (92.6 per cent), while the First Nations field officers completed visit and plan reviews for 12 out of 46 communities (26 per cent). The 2021-22 result of 84.6 per cent is 4.6 per cent above the established target of 80 per cent. It is an increase of 1.3 per cent from the previous year's results. The variance from the target is "not greater than the three per cent materiality threshold," so the result is within the expected range for this measure. The target for 2021-22 was adjusted to account for the impacts of the COVID-19 pandemic, and though the actuals for the past three years have been consistent, this year's result is the first in that period that the "actual" surpassed the "target."

Factors that affected the results are the operational disruption that the COVID-19 pandemic placed upon the field officers and the reduced staffing levels because of recruitment delays. In addition, plan reviews and visits for First Nations communities were significantly lower than previous years due to the demands on staff resources, restrictions limiting non-band members from entering the land as a measure to reduce the

spread of COVID-19, and because First Nations communities are not under the jurisdiction of the *Emergency Management Act* – meaning plan reviews and visits are not a legislated requirement.

Emergency management planning is a legislated practice for local authorities, not including First Nations, which is intended to ensure communities are prepared in the event of disasters and emergencies. Alberta Emergency Management Agency field officers routinely visit communities and provide many face-to-face services, including community emergency management plan reviews. Community visits are a vital service provided by field officers, as direct interactions and relationship-building are integral to how the ministry supports communities with emergency management activities.

Regional Emergency Management Collaboration

The Local Authority Emergency Management Regulation provides direction to local authorities on their emergency management roles and responsibilities, including governance, training, emergency planning, and emergency exercise requirements. To assist municipalities with compliance, field officers and other ministry staff support municipalities with training and emergency management-related services and respond to inquiries as they arise. Support is also given to communities that seek to collaborate regionally – to either fulfil their regulatory duties or to combine resources and capacity – to better deliver emergency management services for residents. In 2021-22, five regional collaboration initiatives were undertaken, involving 18 municipalities that combined their resources and expertise to improve emergency response and support public safety in their communities. The five regional collaborations are:

1. Lamont Regional Emergency Advisory Committee;
2. Athabasca County Emergency Advisory Committee;
3. Clearwater Regional Emergency Management Advisory Committee;
4. Cardston County Regional Emergency Advisory Committee; and
5. Westlock County Regional Emergency Management Partnership.

When municipalities do not have the capacity or the necessary resources, they often have to rely on provincial resources to respond to disasters. Regional emergency management collaboration fosters regional partnerships, which assist municipalities with limited resources to manage disasters more effectively by building emergency management capacity. The ministry continues to work with and support communities to ensure bylaws and agreements meet regulatory requirements.

Provincial Operations Centre Activities

The Provincial Operations Centre provides central communication and coordination for the Government of Alberta during emergencies and disasters. The centre is staffed 24 hours a day, seven days a week to respond to requests for information and assistance from municipalities and other Government of Alberta ministries. There are four operational levels, which change based on the severity of the emergency event. Each level corresponds with an increase in activity and staffing requirements. In September 2021, the Provincial Operations Centre was moved to the Muriel Stanley Venne Provincial Centre, a larger space that better supports the delivery of emergency management coordination activities. Due to challenges with implementing technology and disruptions to provincial supply chains, the 24/7 Watchstation did not make the transition to the new facility until January 2022.

In 2021-22, the Provincial Operations Centre was elevated above Level 1 for 192 days, compared to 285 days in 2020-21.

In 2021-22, the Provincial Operations Centre supported several events, including:

- COVID-19 pandemic (ongoing support twice: April 1-July 6, 2021; and September 17-December 14, 2021);
- Parkland County wildfires (May 6-10, 2021);
- Dene Tha' Chateh flooding (June 19-22, 2021); and
- Yellowhead County wildfires (June 22 to July 12, 2021).

Additionally, the Provincial Operations Centre coordinated resources and the deployment of staff to the Province of British Columbia to assist with significant wildfire activity and a flooding emergency. Nineteen staff were deployed (one employee was deployed twice) to help with flooding in British Columbia. The ministry continues to sustain the Provincial Flood Stockpile with an associated budget of \$105,000 per year. The stockpile includes deployable equipment – such as portable flood mitigation trailers, sandbagging machines, lights and generators – and consumable supplies, such as sandbags, which communities at risk of flooding can access. The stockpile was accessed by five municipalities and the RCMP in 2021.

With COVID-19 public health measures still in place in 2021-22, the Provincial Operations Centre maintained a remote work environment, which presented opportunities to develop processes and procedures to augment the centre remotely. The lessons learned will provide an opportunity to refine and improve remote working processes and procedures for future Provincial Operations Centre elevations. During the onset of the COVID-19 pandemic in 2020, temporary-wage staff were hired and then retained for the extended duration of the elevation to maintain sufficient staff levels and support the workload.

COVID-19 Pandemic

In response to the COVID-19 pandemic, the Government of Alberta utilized its powers under the *Public Health Act* to declare a State of Public Health Emergency from September 15, 2021, through to December 14, 2021. Public health orders, such as masking and quarantine requirements, minimize the impacts of the pandemic on Albertans and continue to be updated to reflect new and emerging data, such as COVID-19 vaccines and variants. To assist with the provincial coordination, Provincial Operations Centre staff held weekly operational briefs with all consequence management officers and business continuity officers from across the government and produced a weekly common operation picture report. Provincial Operations Centre staff also took part in weekly coordination calls with counterparts at the Alberta Health Services Emergency Operation Centre.

COVID-19 Vaccine Task Force

The COVID-19 Vaccine Task Force supported the Government of Alberta in distributing the available supply of COVID-19 vaccine in an expedited and efficient manner in order to maximize the province's resources for the benefit of Albertans. This task force worked with Alberta Health and Alberta Health Services to review and refine the COVID-19 vaccination program plan.

Community Outreach Table Initiatives

In 2021-22, the Government of Alberta continued to work on the Community Engagement Plan to help support Alberta's two largest cities in combating the spread of COVID-19. The focus of this plan was to reduce existing COVID-19 case numbers and community transmission rates in communities that were experiencing significantly higher rates of COVID-19 transmission.

Formal grant agreements between Municipal Affairs and the cities of Edmonton and Calgary were signed in December 2020. Municipal Affairs worked with the cities to identify the scope and specific deliverables of this initiative, which included developing and managing a community outreach table to engage with communities. Both cities leveraged stakeholder expertise to provide support and resources. The agreement for the City of Edmonton ended in December 2021, and the final reporting from the city will be available in

summer 2022. The City of Calgary is expected to complete their project by July 2022, with a final report available in fall 2022.

Personal Protective Equipment Task Force

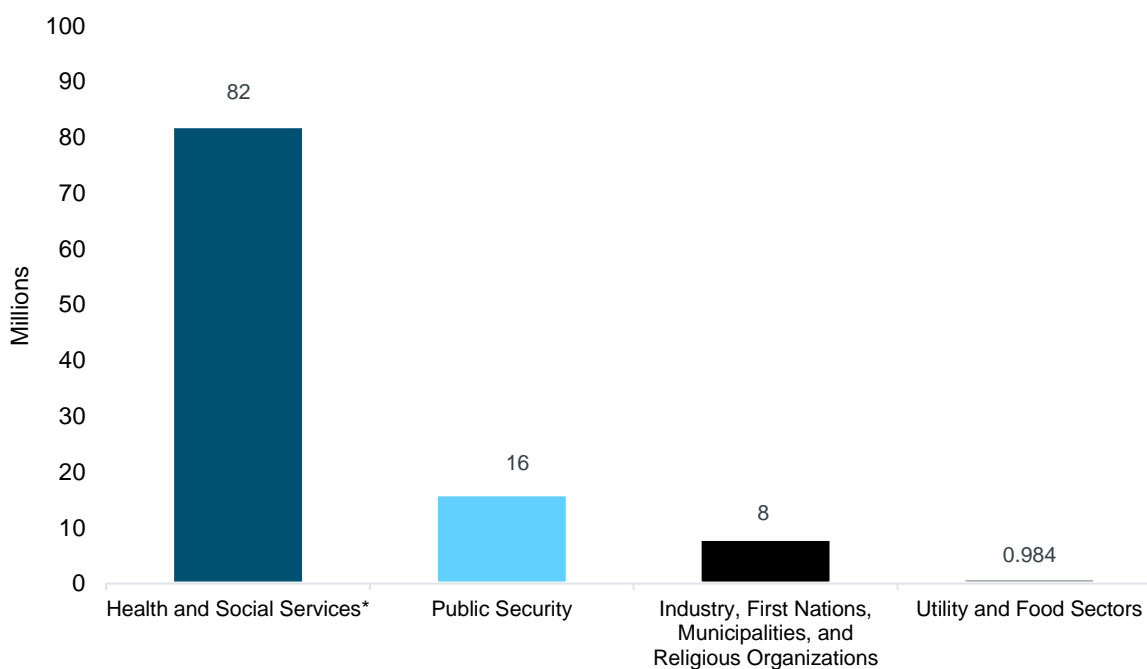
Established in April 2020, the Personal Protective Equipment Task Force, mandated by the Emergency Management Cabinet Committee, coordinated and managed the procurement, storage, and distribution of personal protective equipment provided to non-healthcare sector stakeholders. With limited capability for staff to work from home and to better manage and coordinate the equipment, the task force leased warehouse space until November 30, 2022. The task force distributed personal protective equipment, such as hand sanitizer, masks, gloves, face shields, gowns, and disinfectants to help enable the operation of government, non-government organizations, and the non-healthcare sectors.

From April 2020 to April 2022, the Personal Protective Equipment Task Force shipped 108 million personal protective equipment items in 35,145 orders to 9,981 organizations, with an overall value of \$92.3 million.

The task force also provided logistics support to Municipal Affairs, the Emergency Management Cabinet Committee, the Priorities Implementation Cabinet Committee, and other areas of the Government of Alberta. This logistics support included:

- validating personal protective equipment safety requirements and vendor credentials;
- procuring personal protective equipment through direct purchase or tender;
- shipping and receiving, product inventory, and warehouse services; and
- creating a Personal Protective Equipment stockpile, to maintain a 60-day supply of specific personal protective equipment products (i.e. disinfectant solution and wipes, face shields, gowns, hand sanitizer, adult and child masks and gloves).

Distributed Personal Protective Equipment Value



*Health agencies that were supported were those not under contract or supported by Alberta Health Services.

By distributing surplus supplies to non-healthcare organizations across Alberta, a surplus personal protective equipment initiative ensured personal protective equipment did not go to waste. Organizations receiving surplus protective equipment included daycares, day homes, food services providers, food banks, and private home care providers. The task force received requests for 9.6 million personal protective products from more than 4,600 organizations. Between November 2021 and February 2022, the task force distributed:

- 9.42 million masks;
- 153,000 bottles of disinfectant/hand sanitizer;
- 15,000 packages of wipes; and
- 10,000 face shields.

Additionally, a “masks for education” initiative was developed in response to the rapid spread of the COVID-19 virus in December 2021, amid concerns of students returning to schools after the December break. The task force distributed more than 49 million masks through this initiative, representing a six-week supply of medical-grade masks and 8.2 million rapid tests to schools and school authorities. With an approved budget of \$28.8 million, the task force worked with Alberta Health Services to plan the logistics and the procurement of child- and adult-sized masks.

The Government of Alberta recouped \$0.5 million in providing at-cost personal protective equipment to organizations no longer eligible as a result of the Emergency Management Cabinet Committee’s mandate in June, which allowed these organizations to request at-cost personal protective equipment until they established their own supplies.

Evacuation Guidelines in a COVID-19 Environment

The safety of Albertans, first responders, and emergency management personnel is the priority when conducting evacuations in a COVID-19 environment. In 2021-22, the ministry collaborated with Alberta

Health to review and reissue evacuation guidelines to align with changing COVID-19 health and safety considerations. Keeping the guidelines up-to-date means local authorities and first responders were better able to ensure the safety of all Albertans during emergencies.

Major Event Support Apparatus

The Major Event Support Apparatus is a vehicle that provides a suite of communications functions and provides space for up to 14 people to host meetings and other coordination activities during emergencies or disaster situations. The vehicle can be used during community engagements and outreach events. In 2021-22, with public health measures in place due to COVID-19, and community engagement and outreach events cancelled, the use of the Major Event Support Apparatus vehicle was limited.

Regional Field Operations and First Nation Field Operations Activities

The Regional and First Nation Field Operations of the Alberta Emergency Management Agency supports communities and their emergency management teams to build their emergency management capacity and capability by providing training, program support, plan reviews, advice, and assistance. Ministry-delivered supports have resulted in community emergency management teams, and better prepared and more capable programs.

The ministry is recognized as a national leader in the application of the Incident Command System and defines many best practices that emergency management agencies adopt in other jurisdictions. These best practices include:

- leading the country in developing collective emergency management training through the All-Hazards Incident Management Team initiative;
- supporting First Nations with an approach that was adopted in partnership with Indigenous Service Canada; and
- other Incident Command System Canada partners tracking the ministry's practices and leveraging these experiences for their programs.

The public health measures around the COVID-19 pandemic affected the ministry's ability to conduct in-person training and other community engagements, which impacted community emergency management programs, plans, and training requirements set out in the Local Authority Emergency Management Regulation. In 2021-22, the ministry adjusted to remote methods to ensure communities received the support they needed to build their capabilities and capacities.

Emergency Social Services

The Emergency Social Services unit leads the coordination of province-wide social services support to local authorities in an emergency. The five-person unit works with stakeholders to develop local and regional social services capacities in all phases of emergency management and at the time of the event. Through stakeholder engagement and feedback, the ministry identified opportunities to strengthen emergency social services support to communities and increase the resiliency of communities. The team researched and developed three comprehensive emergency social services training sessions and delivered them in person at first, then shifted to remote training when public health measures implemented during the COVID-19 pandemic prevented in-person training. The sessions, delivered to more than 2,000 community stakeholders, included the topics of:

- Emergency Social Services Basics;
- Facilities Management; and
- the Registration and Reception Centre Program/MyAlberta Emergency Registration System.

The goal of this training was to increase disaster resilience. Municipalities reported that the training program enabled them to build additional skills to better develop tailored emergency social services in their region. The ministry is working on developing an emergency social services plan guideline to support communities as they develop emergency social services plans. Another training session was offered in April 2022.

MyAlberta Emergency Registration System

The MyAlberta Emergency Registration System allows Albertans to use a mobile device or computer to register themselves and their family members with their local authority prior to, or during, an emergency. The system:

- builds upon the Registration and Reception Centre Program;
- continues to support local authorities in accepting and distributing online registration data; and
- supports Albertans in accessing government services as soon as an emergency is declared.

There were 380 registrations in 2021-22. Coordination support and registration services were provided to the evacuated residents during a St. Albert extended care facility evacuation in 2021. The Registration and Reception Centre Program was enhanced to better support the registration of First Nations during emergencies by tailoring the forms to allow First Nations stakeholders to identify if the potential evacuees are living off or on reserve, how long they were away from home, and to where they were evacuated. There are three First Nations reflected as active registered users of the program.

In 2021-22, the Emergency Social Services team strengthened emergency social services support to communities by increasing the unit from one full-time employee to five full-time employees and two wage staff. In July and August 2021, five team members were deployed to British Columbia to assist with the wildfires, which interrupted training sessions for communities.

On November 16-17, 2021, the Emergency Social Services unit cohosted the Refresh/Recharge/Renew online conference with the Emergency Social Services Network of Alberta. The 324 registrants represented a full range of the emergency management community, including elected municipal officials, municipal staff, dedicated volunteers, provincial and local emergency management personnel, non-government agency staff, ministry staff, and community-based emergency social services specialists. The conference offered six different sessions:

1. When COVID-19 Hits a Resort Town;
2. Emergency Social Services Education and Training;
3. Supporting our British Columbia Neighbours;
4. Community Partnerships and Business Continuity Resources;
5. Companion Animals in an Emergency Social Services Activation; and
6. Breakout Session: Stop Blurring the Lines.

Intergovernmental Collaboration

Working to form consensus across jurisdictions around improving emergency management approaches and practices, advancing public safety issues, and identifying means to facilitate cross-jurisdictional mutual aid across Canada, Municipal Affairs represents the Government of Alberta on several intergovernmental committees, including: the Senior Officials Responsible for Emergency Management (federal, provincial, and

territorial forum) and the Canadian Council of Emergency Management Organizations (provincial and territorial forum). Both committees include representatives from provincial and territorial emergency management organizations, and aim to advance public safety issues and identify means to facilitate cross-jurisdictional mutual aid.

The current work of these committees includes items of significant interest to Albertans, such as supporting national discussions on developing a pan-Canadian flood insurance and relocation program, further public alerting, and a national public safety broadband system.

The ministry continues to co-chair a federal, provincial, and territorial working group that guides the development of the National Public Safety Broadband Network and the National Public Alerting System, which are programs that support enhanced emergency communications and public emergency notifications. The ministry is also participating in the development and refinement of a cross-border mutual assistance process and protocol, as well as the federal government's review of its Disaster Financial Assistance Arrangement through its membership in the Senior Officials Responsible for Emergency Management and the Canadian Council of Emergency Management Organizations forums.

Flood Insurance and Relocation Project

Due to the growing threat of disasters to the safety of Canadian communities, the Government of Canada created the Flood Insurance and Relocation Project to explore the viability of a low-cost national residential flood insurance program and national relocation action plan. The project aims to develop policies and tools to improve flood resilience throughout Canada and promote risk-informed decision-making by 2030 and a net reduction in flood-related disaster impacts across Canada by 2050.

A low-cost, national flood insurance program would protect homeowners at a high risk of flooding and lacking access to adequate insurance protection. A national relocation action plan would assist homeowners at the highest risk of repeated flooding with potential relocation.

The ministry contributes to the project by participating in the provincial/territorial task team and coordinating feedback from ministries across the Government of Alberta. In addition, the ministry provides expertise on current disaster financial assistance programs and costs, existing relocation efforts, and policy considerations related to flood insurance and relocation. The ministry's goal of participating in the task team is to ensure that the interest of Albertans is represented.

National Disaster Mitigation Program

The federal National Disaster Mitigation Program is a 50/50 cost-sharing initiative with provincial and territorial governments in Canada to fund projects that address significant, recurring flood risk and costs. Each round of funding consists of projects under the four funding streams of:

1. risk assessments;
2. flood mapping;
3. mitigation planning; and
4. investments in non-structural and small scale structural mitigation projects.

Municipal Affairs' role is to address the increasing flood events in the province by coordinating the submission of project proposals from Alberta to the federal government. In April 2021, Public Safety Canada approved 15 of Alberta's project proposals with a federal contribution of \$892,000, and the province contributing an equal cost share. These projects will provide critical data to inform planning and decision-making for flood-prone areas. To deliver the National Disaster Mitigation Program in Alberta, Municipal Affairs manages the grant administration and reporting processes, while Alberta Environment and Parks

provides the technical expertise, project management, and the cost-sharing budget for the approved projects. A contribution agreement was signed in March 2021 to complete these carry-over projects. The impacts of COVID-19 delayed the completion of some projects from previous rounds.

4.2 Lead the implementation of a provincial hazard identification and risk assessment to help reduce disaster risk.

Provincial Hazard Identification and Risk Assessment Framework

In 2019, the ministry restarted the development of a process to assess hazard risk, by drafting a framework and implementation plan. The work, which originally began in 2014, renewed focus on assessing hazard risk and is in line with a 2020 report from the auditor general that recommended implementing a system to develop and maintain a provincial hazard assessment. The Provincial Hazard Identification and Risk Assessment Framework is intended to provide Government of Alberta departments and stakeholders with a consistent, comprehensive, and integrated disaster risk management process.

One of the goals of the assessment framework is to help inform decision-making around reducing disaster risk. Better informed decision-making will encourage actions that contribute to reduced costs and reduced impacts of disasters in Alberta. By enhancing municipalities' abilities to identify, assess, and communicate disaster risks and hazards, they will generate more robust risk mitigation strategies.

The ministry manages the development of the hazard identification and risk assessment process. The assessment will provide departments and stakeholders with a greater understanding of the cumulative disaster risk and potential cascading effects, which can help inform their emergency management planning and decision-making processes.

The initial work on provincial hazard identification and risk assessment resulted in the development of the Provincial Hazard Identification and Risk Assessment Framework, which outlined the purpose, roles, and responsibilities of involved stakeholders, the process the framework will follow, and the resulting deliverables. The framework was developed using a collaborative process with internal Government of Alberta risk and disaster management stakeholders and was presented to the Deputy Ministers' Public Safety Committee in December 2020. The committee approved and endorsed further development of the process. Once developed and refined, the province will look to implement the framework with its external partners and stakeholders.

The complexity and scope of the framework's development requires the collaboration of many stakeholders, and in 2021-22, one additional full-time staff member was added to provide assistance. The ministry continues to work with a cross-departmental working group to complete a comprehensive hazard identification and risk assessment workbook and assessment tool. The workbook will include a disaster resilience guideline, and a reference tool for emergency management stakeholders on approaches to mitigating disaster risk. In December 2020, after reviewing the department's plans to develop and implement the Hazard Identification and Risk Assessment, the Office of the Auditor General issued a letter indicating its satisfaction with the planned approach. In subsequent follow-up meetings, the Office of the Auditor General was provided the opportunity to comment on draft work, including the workbook and resilience guideline. The Auditor General indicated there was no requirement to revise or change the planned approach.

Alberta Emergency Plan

The Alberta Emergency Plan, mandated through the Government Emergency Management Regulation, is an overarching plan describing Alberta's emergency management system and the roles and responsibilities of all emergency management partners. It includes the policies, processes, and procedures for coordinated and effective emergency response. Recognizing the value of emergency management stakeholders, the ministry released the Alberta Emergency Plan 2021 in July 2021, as a working document to enable engagement with

local and regional emergency management stakeholders. The feedback gathered from these engagements with stakeholders and targeted consultations with local authorities will inform refinements in the 2022 version of the Alberta Emergency Plan.

All-Hazard Incident Management Teams

With the increasing frequency and severity of disasters, responding to multiple large-scale emergencies simultaneously can occur in Alberta, and resources at all levels of government may be overwhelmed. The All-Hazard Incident Management Teams initiative drives significant change to the Alberta emergency management landscape by improving municipal and regional emergency management capacities and capabilities.

The ministry supports the development and growth of the five regional teams to better support a municipality responding to an emergency or disaster that is beyond its internal capacity. In summer 2021, the North Central All-Hazard Incident Management Team was deployed to support the Incident Command Post for the Parkland County wildfire. In 2021-22, the COVID-19 public health measures limited the ministry's ability to conduct in-person training, which affected the progress of this initiative. The initiative is maintained through conditional grant agreements of \$250,000 per year split between the ministry and five regional all-hazard incident management teams: the Town of High Level, the Capital Region Emergency Preparedness Program, Red Deer County, the City of Medicine Hat, and the City of Cold Lake. The agreements are scheduled to end in March 2024.

Integration of Wildland Urban Interface Field Officers

Wildland urban interface is the area where human-developed infrastructure meets an undeveloped wildland, and wildfires in these areas are complex because of the different burning characteristics of wildland and human-developed structures and overlapping jurisdictions. This area, if not properly protected, can be a means of transmission of wildfires from rural areas into heavily populated urban zones, or vice versa. Ideally, wildland urban interface field officers will visit municipal fire departments to verify the status of equipment, maintenance, and training levels of municipal departments. In 2021-22, three additional wildland urban interface field officers joined the Regional Field Operations unit to increase the frequency of visits. The ministry is working on developing a process for conducting visits and verifying vendor information on equipment, maintenance, and training for municipal employees outside of forest protection areas. This work will increase preparedness for, and mitigate the effects of, wildland urban interface wildfires.

Wildland urban interface assets include equipment and trained/qualified personnel.

Emergency Management Preparedness Program

Funding for the Emergency Management Preparedness Program supports the expansion and enhancement of emergency management preparedness capacity in Alberta, and the idea that communities are stronger and more resilient when residents are well prepared for emergencies. Examples of projects eligible for funding include municipal emergency management preparedness training and disaster simulation training exercises. The total maximum annual funding for this program was \$150,000, with the last funds provided in 2019-20. Projects approved in 2019-20 remain active until December 2022, with the possibility of an extension.

4.3 Support public and private disaster recovery through coordination, planning expertise, and financial assistance.

Disaster Financial Assistance

Disaster Recovery Program Administration

Municipal Affairs helps Albertans recover after disasters by providing financial assistance and expert recovery advice, and coordinating resources from across the Government of Alberta and recovery stakeholders. The Disaster Recovery Program provides financial assistance for uninsurable loss and damage

caused by emergencies and disasters. Municipalities affected by a disaster can apply for a disaster recovery program and if the event meets program criteria, the application is approved and affected residents in the municipality can apply for financial assistance.

In 2021-22, the Mackenzie County April Flood Disaster Recovery Program was established, and Smoky Lake County and Athabasca County were added to the 2020 East Central Alberta Flood Disaster Recovery Program. Mackenzie County also submitted an application for a June 2021 flood event. The ministry collaborated with Mackenzie County to launch its program for their approved April 2021 flood Disaster Recovery Program and applications were open to Albertans impacted by the event until April 28, 2022. There were five additional municipal applications that did not meet the extraordinary threshold for a Disaster Recovery Program to be established.

In 2021-22, the Government of Alberta approved \$27 million to support communities impacted by flooding events across the province:

- \$1 million for the 2021 Mackenzie County April Flood Disaster Recovery Program;
- \$1.6 million to add Athabasca County and Smoky Lake County to the 2020 East Central Alberta Flood Disaster Recovery Program and \$400,000 to address additional eligible costs for the previously approved communities; and
- \$24 million to support funding pressures identified in the 2020 Northern Alberta Flood Disaster Recovery Program.

Summary of Private Sector Disaster Recovery Program Applications and Payment by Municipality in 2021-22

Program	Total Received	Complete	Payments
2018 Slave Lake Area	16	16	\$233,248
2018 Town of Beaverlodge	42	42	\$711,316
2019 Buffalo Lake Metis Floods	54	54	\$739,146
2019 Central Alberta Floods	54	54	\$483,675
2019 County of Northern Lights Floods	1	1	\$11,332
2019 Slave Lake Area	18	17	\$182,320
2019 Southern Alberta Floods	5	5	\$48,001
2020 Calgary Area Flood Event	302	301	\$1,362,999
2020 East Central Alberta Flood	182	169	\$2,129,190
2020 Northern Alberta Spring Flood	1,417	1,375	\$41,070,343
2020 Saddle Hills County Flood	4	2	\$56,603
2020 Village of Acme Flood	16	15	\$204,179
Totals	2,111	2,051	\$47,232,352

*Shaded programs are now closed

2020 Disaster Recovery Programs

In 2021-22, under the 2020 Northern Alberta Flood Disaster Recovery Program, \$17.6 million was provided to impacted property and business owners and \$15.1 million was paid to private sector applicants, including \$11.5 million to the Regional Municipality of Wood Buffalo, \$1.8 million to Mackenzie County, and \$1.8 million to 16 other communities. Four other 2020 Disaster Recovery Programs (Calgary area flood, Saddle Hills County flood, east central Alberta flood, and the Village of Acme flood) paid \$2.5 million out to private sector applicants in 2021-22. As of April 25, 2022, \$56.7 million has been provided to communities through the 2020 disaster Recovery Programs.

Ministry Grant Management

Government of Alberta ministries may also be eligible for disaster financial assistance under the Disaster Recovery Program to compensate ministries for costs incurred in conducting emergency operations. As of March 31, 2022, the ministry provided more than \$40 million in eligible disaster recovery program costs to ministries for six different programs.

As of March 31, 2022, the ministry completed program administration for the following:

- The 2013 Southern Alberta Floods Disaster Recovery Program with a budget of \$1.2 billion:
 - \$850 million to ministries since the inception of the program in 2013;
 - an additional \$200 million in ministry disaster expenses that were not initially under the disaster recovery program that the ministry reviewed and incorporated for federal cost-sharing; and
 - an additional \$156 million that includes response and program administration costs.
- The 2016 Regional Municipality of Wood Buffalo Disaster Recovery Program with a budget of \$296 million:
 - \$272 million to ministries since the inception of the program in 2016; and
 - an additional \$24 million that includes response and program administration costs.

Performance Measure 4.b: Percentage of residential disaster financial assistance files that have received 90 per cent of its estimated funding within 90 days of being determined eligible for disaster financial assistance

Prior Years' Results			2021-22 Target	2021-22 Actual
2018-19	2019-20	2020-21		
94%	78%	41%	90%	70%

The 90/90/90 performance metric measures residential (homeowner and tenant) grant administration efficiency and timeliness. This ambitious target depends on the magnitude of the program and the number of applicants. The likelihood of achieving the target is impacted by the ability of applicants, insurers, professional trades, program staff, and non-government organizations to work together to clarify the extent of damage and eligible payments.

The 2021-22 fiscal year result is 70 per cent. This means 70 per cent of all eligible residential program applicants received at least 90 per cent estimated funding within 90 days of becoming eligible for the program. Of the 324 eligible applications counted in the 2021-22 fiscal year, 226 met the target. The performance measure target was not achievable for the 2020 disaster recovery programs in 2021-22.

The largest contributing factor to this year's performance measure result came from the strategic decision to advance only a portion of expected payments to applicants based on a simplified approach to evaluations. This process provided early payments to applicants as soon as possible, by deferring full eligibility of damages to a later date. Once full eligibility of damages was determined, applicants' payments were adjusted. This process greatly improved the time taken for applicants to receive at least one payment; however, as a result of the advance, the ability to provide applicants with 90 per cent of their estimated funding within 90 days was unattainable. Given this program delivery change, the 90-day target that is part of this performance measure was not flexible enough to track the efficiencies achieved by providing partial early payments.

The dependencies of requiring documentation, scheduling, and completing evaluations, and the provision of all necessary insurance information to mitigate risk of overpayment generally takes longer than 90 days.

Municipal Affairs has reviewed the metric and determined that unless there is an increase in risk tolerance to overpay applicants or if, on program initiation, the required number of trained staff are available within 30 days, the 90/90/90 measure remains unachievable. Work is underway to develop a new measure in conjunction with workforce metrics, as the ministry is examining how to most effectively and efficiently meet the recovery needs of those impacted by uninsurable loss or damage.

Federal Cost-Sharing for Disaster Recovery Programs

When the cost of a Disaster Recovery Program exceeds the province's established threshold (based on per capita costs), the Government of Alberta can request Public Safety and Emergency Preparedness Canada to share disaster recovery costs through the Disaster Financial Assistance Arrangements. In instances where there is uncertainty in applying the Disaster Financial Assistance Arrangements or there are extenuating circumstances in a disaster event, business cases are developed and submitted to the federal government for consideration to maximize Alberta's cost-sharing potential. Cost-sharing with the federal government reduces the province's disaster response and recovery costs. Submitting expenses to the federal government will result in the province cost-sharing the incremental costs associated with disasters that have affected the province over the last 10 years.

In 2021-22, the ministry submitted \$75 million in business cases for federal approval for expenses associated with three Disaster Recovery Programs:

- 2018 Alberta spring flood (\$7 million);
- 2019 northwest Alberta flood (\$34 million); and
- 2020 northern Alberta flood (\$34 million).

Municipal Affairs has submitted and received approval from the federal government for approximately \$780 million in expenses from Disaster Recovery Programs related to the 2013 southern Alberta floods, the 2016 Regional Municipality of Wood Buffalo wildfire, the 2018 Alberta spring floods, the 2019 northwest Alberta wildfire, and the 2020 northern Alberta flood.

Municipal Wildfire Assistance Program Administration

The Municipal Wildfire Assistance Program provides financial assistance to municipalities when they incur extraordinary incremental costs while fighting wildfires outside Alberta's forest protection area. In 2021, \$4.8 million was approved for the four new program applications:

- Thorhild County wildfire between May 15 and 18, 2021
- Lac La Biche County wildfire between May 6 and 12, 2021
- The Municipal District of Willow Creek wildfire on March 28, 2021
- Parkland County wildfires between May 6 and 27, 2021, and August 13 and 27, 2021

Total disaster assistance approved for Disaster Recovery Programs and Municipal Wildfire Assistance Programs for 2021-22:

- Six extraordinary disaster events
- \$31.8 million disaster assistance approved funding
- Seven municipalities approved

Recovery Activities

The province works to connect subject matter experts with municipal leaders after a disaster or emergency to help with the recovery process, from the onset of response activities through long-term recovery efforts.

To better address the needs of Albertans and municipalities impacted by disasters, the ministry works continually to improve recovery processes and procedures.

Provincial Recovery Framework

The Provincial Recovery Framework describes the function of recovery in the Government of Alberta's emergency management system. The aim is to clarify how the Government of Alberta supports all emergency management partners under an all-hazards framework. The framework provides strategic guidance on how the Government of Alberta will approach disaster recovery in future events, and identifies strategies and tools used to support recovery stakeholders before, during and after disaster events. The framework serves as a standalone document and is an appendix of the Alberta Emergency Plan. The ministry will continue to work with its partners to improve the tools and processes for implementing the framework.

Provincial Recovery Coordination Centre

In the Alberta Emergency Management Agency, the Provincial Recovery Coordination Centre acts as the Government of Alberta's central body for sharing recovery information. In 2021-22, the centre coordinated ministerial and Government of Alberta approval for one Disaster Recovery Program and four Municipal Wildfire Assistance Program events. The Provincial Recovery Coordination Centre staff also supported Emergency Management British Columbia when the Province of British Columbia experienced catastrophic floods and mudslides in 2021. Fourteen ministry staff were deployed to provide on-the-ground assistance and guidance on disaster response and recovery. Eight recovery specialists provided remote assistance. The Provincial Recovery Coordination Centre also:

In 2021-22, staff from the Provincial Recovery Coordination Centre supported Emergency Management British Columbia when British Columbia experienced catastrophic floods and mudslides.

- acts as the central information-sharing and distributing body with respect to disaster recovery information;
- leads the preparation of the Government of Alberta recovery plan and briefings for decision-makers;
- coordinates the implementation of recovery-related decisions, including financial decisions, and organizes cross-ministry working groups;
- empowers communities to lead recovery efforts in their jurisdictions;
- acts as the central banker for the Government of Alberta and reviews ministry initiatives for Disaster Recovery Program eligibility;
- secures funding for all disaster recovery programs and, in 2020-21, secured funding for the ministry's COVID-19 response activities;
- prepares recovery briefings for all government stakeholders; and
- provides support to the Provincial Operations Centre through an agency representative.

Remote Evaluation – Private Sector Disaster Recovery Program

In response to the COVID-19 pandemic, the ministry implemented a new and innovative process to complete evaluations remotely as an alternative to the traditional in-person evaluation of property damaged after a disaster. Whenever possible, this process was used to remotely review property documentation, photographs, videos, and applicant testimony; and this enabled evaluators to finalize payment

recommendations quickly. As the process is not possible in all cases, in-person evaluations were still required for complex cases, such as damages involving agricultural property. In 2021-22, the ministry completed 52 per cent of evaluations remotely. COVID-19 public health measures did not affect evaluators' ability to complete a damage evaluation and payment recommendation for simplified evaluations, and the process will continue to be used whenever possible. The ministry will monitor and modify the process and make adjustments to meet the needs of the program and Albertans.

Remote Evaluation Policy

The ministry streamlined the evaluation of loss and damage in basements and garages with a simplified evaluation model. Development of the model started in 2021 when COVID-19 restrictions prevented in-person evaluations. This model provides a calculation tool that uses pre-set rates for private sector Disaster Recovery Program files with water-related damage in basements and garages of residential homes and rental properties. In situations where complex damage and in-person evaluation are not involved, the simplified evaluation model was applied, resulting in shorter service delivery timelines and increased capacity for evaluators to focus on properties with complex damages. The alternative approach provided by the model also enabled staff to adhere to the COVID-19 public health measures without impacting service delivery and resulted in reduced administrative burden for ministry staff without increasing regulatory requirements for disaster recovery program applicants.

Municipal Mitigation Funding

In February 2021, funding was approved through the Disaster Recovery Program to assist the Regional Municipality of Wood Buffalo and Mackenzie County with buying out or relocating residents in specific high-risk flood zones. The ministry collaborated with stakeholders to negotiate the terms of conditional grant agreements for each municipality, which directs how the mitigation funds will be administered.

The agreement with the Regional Municipality of Wood Buffalo was executed in January 2022 with approved funding of \$11 million, which will be used to buy out properties located in the flood zones of the Ptarmigan Court community. The municipality completed buy-outs for 52 properties and will remove all structures from these properties and decommission and remove utilities.

Through the Municipal Mitigation Funding initiative, 134 households will be removed from the flood plain in the Regional Municipality of Wood Buffalo and Mackenzie County.

The agreement with Mackenzie County was executed in October 2021, with approved funding of \$12.8 million. The funds will be used to build subdivisions to relocate residents out of the flood zones in the town and the surrounding areas of Fort Vermilion. The subdivisions will be developed in three phases, with an estimated 2024 completion date.

Other Ministry Activities in Support of Outcome Four

Public Emergency Communication

Alberta's 911 System

Alberta's 911 system is critical to the health and safety of Albertans and serves as a communication line between Albertans and emergency services. Several standards and regulations are in place to ensure 911 services are efficient, consistent, and robust.

Emergency 911 Act

The *Emergency 911 Act* authorizes the establishment of guidelines regarding the processes and procedures around answering calls, establishing fines for frivolous 911 calls, and a monthly 911 levy on wireless devices to support 911 public safety answering points. In Alberta, there are two types of public safety answering points:

1. primary centres, which answer emergency calls directly through the 911 network; and
2. secondary centres that answer emergency calls from primary centres and further evaluate 911 calls and dispatch first responders.

On September 1, 2021, the Act was amended to:

- allow secondary call centres to receive funding generated through the 911 levy; and
- require secondary call centres to comply with provincial standards, similar to primary centres.

911 Grant Program

The 911 Grant Program is an initiative under the authority of the *Emergency 911 Act*. The program's purpose is to support and enhance the development and delivery of local 911 services. The program's budget is funded entirely through a monthly levy – collected by telecommunications providers – that is applied to every active cellphone in Alberta. This levy is remitted to the province each month to fund the program. The fund supports operations and improved technology for 911 call centres across the province.

Alberta is the first Canadian province to share 911 levy funding between primary and secondary public safety answering points, which sets the foundation for Alberta's 911 network to be the most robust and interoperable in the country.

After amending the Act, the associated Emergency 911 Levy Regulation was also amended to re-establish a proportionate funding model for 911 centres by adjusting the monthly wireless 911 levy charged on all wireless devices in Alberta to 95 cents from 44 cents. The increased monthly levy brings Alberta in line with the Canadian average 911 levy of 98 cents and allowed the 911 Program to grant substantially more funding to 911 call centres in 2021-22 compared to 2020-21. All the funds generated by the 911 levy are required to be directed toward supporting the delivery of 911 services to the public, and the funding is separate from Government of Alberta revenue.

The amendment to the Act makes secondary public safety answering points eligible for funding, allowing for more effective call answering and transferring and a more robust service network. The ministry conducted virtual engagement sessions with stakeholders to reach agreement on an updated funding formula that meets the needs of the agencies that operate Alberta's 26 public safety answering points.

Funding will support updates that 911 call centres will be required to implement in order to meet federally-mandated Next Generation 911 capabilities, such as:

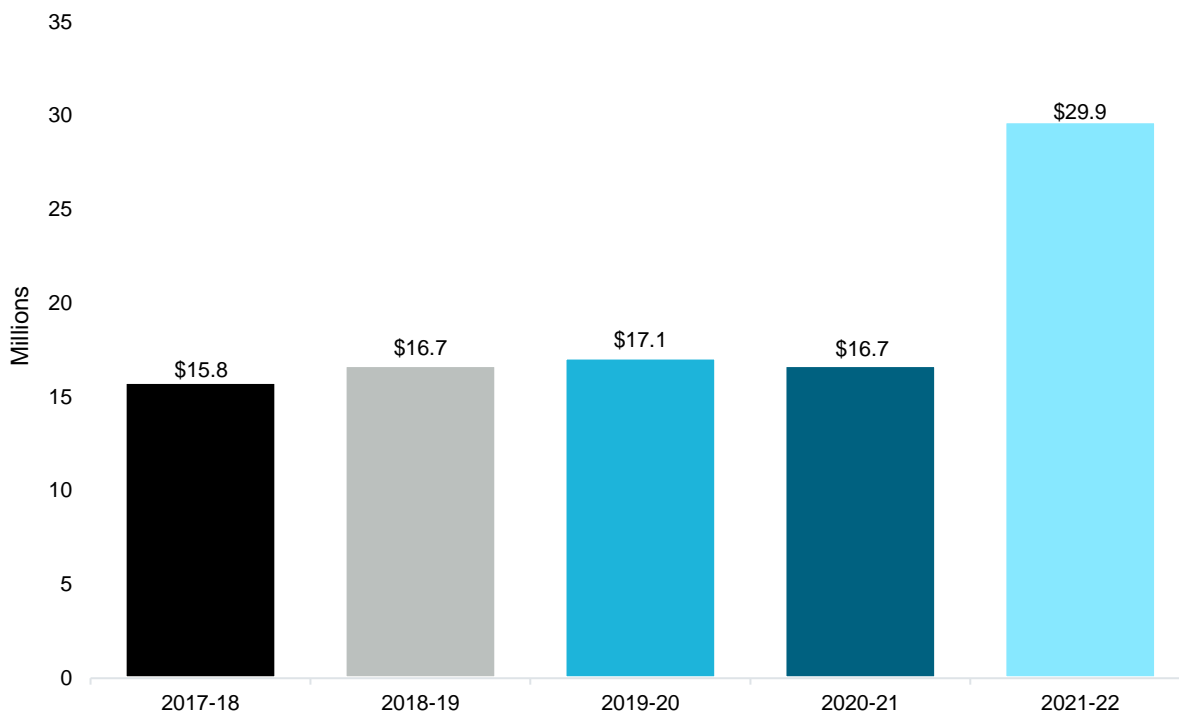
- network upgrades that will allow public safety answering points to obtain additional information regarding the emergency call and location; and
- the ability to send a real-time emergency text message in situations where the caller cannot speak.

This will modernize the existing 911 infrastructure by moving to an internet protocol-based system. The funds will also be used to acquire and upgrade the complex software and hardware technology and for future system maintenance. Although the current 911 system has been a success story for more than 30 years, the system must be updated so that it continues to meet the needs of Albertans and can leverage evolving technologies. The implementation of Next Generation 911 will enhance emergency services, creating a more efficient and resilient system. The transition will be completed by March 2025,

Next Generation 911 is an upgrade to the 911 system and will introduce new features such as real-time texting for emergency situations during which a call cannot be placed.

as mandated by the Canadian Radio-Television Telecommunications Commission.

Funding to Support 911 Call Centres, 2017-18 to 2021-22



The 911 Program updated the program guidelines and grant agreements to reflect the changes in the *Emergency 911 Act*, and these updates were approved by the Minister of Municipal Affairs in March 2022. The revised program guidelines have updated the list of eligible expenditures to allow public safety answering points to integrate new technology, enhance existing capacity, and promote and enhance public safety. The new guidelines also reflect the legislative and regulatory amendments. Changes in the guidelines will reduce the administrative red-tape burden on Alberta public safety answering points by no longer requiring backup copies of invoices, receipts, or payroll documents to be submitted with the Statement of Funding and Expenditures. Receipts will only be requested by the 911 Program if needed.

In 2021-22, the 911 Grant Program application process was streamlined for efficiency and reduced red tape for public safety answering points. The ministry will continue to collaborate with stakeholders with the goal of enhancing the application and reporting process. The new program application – completed in November 2021 – resulted in a slight decrease in program administrative expenses.

Enhancing 911

The Alberta 911 Program was established through the *Emergency 911 Act* to promote and enhance public safety by supporting 911 centres as they enhance their existing capabilities. In 2020-21, progress was made toward enhancing 911 access in underserved communities.

Some geographic areas of Alberta remain without direct 911 service, where a 911 call will go through a third-party operator before being connected to the appropriate public safety answering point. A direct 911 service will allow 911 calls to be processed faster and first responders to provide assistance more promptly. To successfully establish a 911 service in a community, a proper addressing format for specifying the location of a 911 call and installation of street and building signage is required. The ministry engaged with five

underserved communities in the fall 2021 and winter 2022, with one community anticipating completing the process of establishing a 911 service in spring 2022.

Alberta 911 Standards

The Alberta 911 Standards were developed through collaboration between representatives of Alberta 911 stakeholders and the Alberta 911 Program. Version 2.0 of the Alberta 911 Standards came into force on January 27, 2021, to ensure public safety answering points are complying with the Canadian Radio-Television Telecommunications Commission's mandated changes for Next Generation 911. Due to the COVID-19 public health measures, virtual site-visit audits were completed for 10 primary public safety answering points. The Alberta 911 Program worked efficiently in returning completed audit reports, on average, eight days after the site visit. This is significantly faster than the eight weeks timeline required in the standards. Although virtual site visits were conducted efficiently, the preferred method is still in-person, as facility and technology standards can be more effectively audited.

Regular revisions are required to keep the standards aligned with current operational changes of the rapidly evolving technology. Version 2.0 provided amendments to the standards that included:

- updates to the public safety answering points' transition to Next Generation 911 timelines;
- the inclusion of secondary public safety answering points; and
- how 911 calls should be evaluated in an agency and potentially co-evaluated between agencies.

Alberta First Responders Radio Communications System

The Alberta First Responders Radio Communications System is a province-wide two-way emergency response radio network for first responders in municipal, provincial, federal, and First Nations agencies. The system provides these agencies with a secure and common radio network to communicate with one another during large-scale incidents and regular operations. Continuous improvements, maintenance, and upgrades to the system increase the system capacity, resiliency, and operability and ensure a reliable and secure public-safety radio network for Alberta's first responders and Albertans in distress.

In 2020-22, network upgrades were completed to improve system resiliency and performance, including modernization, stability, and technical expansion of network capability. The ministry continues to manage the communications system to ensure it remains a reliable communication service.

There are three new tower sites in progress, bringing the total to 339, including two Sites on Wheels by the end of 2023.

In 2021-22, the Alberta First Responders Radio Communications System subscriber units on the network grew by approximately 2,100, with more than 39,000 subscribers. There are 167 agencies on the system, up from 154 the previous year. The system's capital costs are approximately \$2.34 million, with annual staffing costs of around \$3.2 million. The ministry is working with internal stakeholders to develop a long-term upgrade schedule and maintenance forecast to provide a better financial picture of the overall needs of the system. The schedule, once completed, will help ensure the system is properly established and maintained to meet the demands of future emergencies.

Coverage Gaps and Maintenance/Channel Upgrades

System coverage and capacity are essential to the dependability and success of the Alberta First Responders Radio Communications System. The ministry increased coverage and capacity in the 2021-22 fiscal year by completing the following:

- site upgrades to increase capacity in Jasper National Park on Whistler Mountain summit, the Hamlet of Zama City, the towns of Fort Smith and Banff, and the City of St. Albert – costing \$ 361,597.

- installing a new four-channel site to improve coverage in the Waterton Lakes National Park area. The poor coverage in and around the Waterton Lakes area was realized during the 2017 Kenow fire that came close to the hamlet of Waterton Lakes. To address the issue, the ministry worked with stakeholders and the federal government to successfully improve coverage;
- upgrades to the mountain top repeater sites, including new switches and routers;
- more than 16 contract lease renewals for tower use;
- security inspections of 10 sites and four security camera installations; and
- bringing 13 new agencies on board.

The ministry continues to work with first responders and stakeholders to analyze coverage gaps across the province and identify sites and areas that require enhancements to improve the overall system performance. The information gathered will inform recommendations to be brought forward during 2022-23.

Performance Measure 4.c: Percentage grade of service maintained by the Alberta First Responders Radio Communications System, which provides public safety grade land mobile radio communications to first responders throughout Alberta for both day-to-day operations and emergencies.

Prior Years' Results			2021-22 Target	2021-22 Actual
2018-19	2019-20	2020-21		
95.5%	98.9%	98.4%	97.0%	98.6%

This performance measure is designed to demonstrate the ministry's achievements in ensuring first responders' communications are emergency ready and allows first responders from other provinces and countries the flexibility of interoperable communications with Alberta's first responders in a mutual aid emergency.

With the Alberta First Responders Radio Communications System, Alberta communities are better equipped to respond to emergencies and disasters with confidence in their communications. The ability to support and maintain radio communications in all situations is an appropriate measure of public safety grade radio communications readiness across the province.

The 2021-22 results of 98.6 per cent exceeded the target of 97 per cent by 1.6 percentage points. The results of 98.6 per cent mean that the grade of service is 1.4 per cent, which is the probability of delayed access due to the unavailability of radio channels to support the call.

The variance from the target is not greater than the three per cent materiality threshold, so the result is within the expected range for this measure. The result is also an increase of 0.2 percent from the previous year with results of 98.4 per cent. The actuals for the past three years have been consistent with all three results exceeding the target. The Alberta First Responders Radio Communications System can thus provide public safety grade land mobile radio communications to first responders throughout Alberta for day-to-day operations and emergencies.

Public Alerting

Since its inception in 1992, Alberta’s emergency public warning system has evolved to keep up with changing technology and the needs of Albertans. The system is used to warn the public about emerging situations that threaten life and property and advise the public about recommended precautions and actions. In 2011, the system was updated and renamed as the Alberta Emergency Alert system. A mobile application was implemented as a new alerting medium and was released in 2014, allowing the public to receive potentially lifesaving notifications on their handheld devices. In 2018, Alberta Emergency Alert was enhanced with wireless public alerting, which distributes emergency messages to compatible mobile phones without requiring a downloaded app or service enrolment. The wireless public alerting feature extends the reach of public alerts with notifications on various mediums, such as radio and television broadcasts, websites, and electronic billboards.

In the 2021, 36 alerts were issued in the following categories, 12 of which were critical and broadcast through the wireless public alert and related to:

- police emergency (1);
- public health emergency (3);
- severe thunderstorm (1);
- tornado (3); and
- wildfire (4).

There are 30 mountain top repeater sites throughout the Rocky Mountains and north-western Alberta and are only accessible by helicopter. The highest mountain top repeater is Mount Hector with an elevation of 3,296 metres.

The number of critical alerts issued increased by one per cent from the previous year; however, there were 22 per cent fewer total alerts issued by emergency management stakeholders, down from 46 alerts in 2020. In addition, Alberta participated in two national test alerts, which were successfully issued and broadcast through a wireless public alert. Alberta’s Personal Preparedness Program link was added within the body of alert messages to let Albertans know about the various tools and resources the ministry has developed.

The mobile application reached 454,449 registered users at the end of 2021, a 15 per cent increase from the previous year. The mobile app is available on two platforms, iOS and Android, and continues to maintain an average star rating of 4.45 from the public ratings submitted by the end of 2021. The end-user ratings are used to gather client feedback, enable continuous improvements for the mobile app, and ensure it fits Albertans’ needs.

The Alberta Emergency Alert system allows system users in municipalities the ability to issue alerts on behalf of their stakeholders when conditions and circumstances require it. The ministry’s Authorized User Training Program is intended to ensure system users are aware of how to properly use the Alberta Emergency Alert system and how to create effective alert messages. However, with the COVID-19 public health restrictions on gatherings, this training has been on hold since March 17, 2020, when the State of Public Health Emergency was first declared in Alberta. The absence of training required the Alberta Emergency Alert warning notification coordinators to provide support to many stakeholders around issuing emergency alerts.

In 2021, Alberta Emergency Alert’s Twitter and Facebook followers increased to 269,400 (from 254,214 in 2020).

The ministry co-chairs the Public Alerting Awareness Working Group, which is a sub-group of the Senior Officials Responsible for Emergency Management committee. The working group provides direct leadership and support to collaboration and coordination of public safety across Canada, and is dedicated to advancing public alerting across the country. The ministry is working with the federal government and other jurisdictions to address public alerting in the context of the

increase in the number and severity of emergency events and the associated dangers. The ministry also collaborated with the Ministry of Justice and Solicitor General to develop an interim policy regarding police-initiated public alerts for active assailants and shooters. The RCMP successfully issued Alberta's first police emergency alert on June 5, 2021.

Planning, Training, and Outreach

Government of Alberta Business Continuity Plan

As mandated by the Government Emergency Management Regulation, all Government of Alberta departments are required to develop and maintain a business continuity plan for managing essential services and operations during business disruptions. When a significant event disrupts the provision of essential services to Albertans, the Government of Alberta will execute the Government of Alberta's plan, which outlines the framework by which the government manages the continuity of its essential services during business disruptions. Coordinated through Municipal Affairs, individual departments will implement individual business continuity plans, as required, to ensure the continuation of critical and vital services that are essential for the health and safety of all Albertans. Under legislation and in conjunction with industry best practices, Government of Alberta departments maintain comprehensive business continuity management programs to address the known and unknown risks that may adversely affect Albertans.

In 2021-22, the ministry consulted with departmental business continuity teams and conducted five departmental business continuity plan reviews. The ministry continues to support and guide departments in their biannual review of plans, ensuring they are up-to-date so essential services can be maintained or recovered during an emergency.

Emergency Management Exercise

Under the Alberta Emergency Plan, the ministry is responsible for coordinating an annual emergency management exercise across the Government of Alberta to practice emergency management plans. The annual emergency management exercise allows staff and key partners to practice and prepare for their roles during emergencies. The 2022 exercise on March 23 and 24 brought partners back into a functional exercise, designed to practice, assess, and develop Provincial Operations Centre processes and procedures that are key to ensuring the Government of Alberta is prepared to support and respond to provincial disasters and emergencies. The two-day exercise focused on the provincial response to an industrial hazard. Feedback from participants will be analyzed to develop key takeaways on what worked well and areas for improvement.

Emergency Management Training

The ministry delivers various emergency management training courses to develop Albertans' understanding of emergency management and the essential role they play in a disaster. The primary audience for the courses includes municipal elected officials, Metis Settlement officials, improvement district councillors, Special Areas Board members, directors of emergency management, and others with assigned duties in their community emergency plans. Online and in-person courses help to fulfil the training requirements for individuals in emergency management roles under the Local Authority Emergency Management Regulation. In 2021-22, a priority was to deliver the municipal/local elected officials course to municipalities and Metis Settlements to ensure they meet the 90-day requirement in the Local Authority Emergency Management Regulation. The training delivery method, virtual or in person, was based on the numbers allowed under the COVID-19 public health measures; this has created a backlog of courses requiring in-person delivery, such as the Incident Command System 300 course, which is more complex than other courses offered.

Training courses previously offered in person and now done virtually come with challenges around providing a well-rounded training experience. Online participants lack the visual, physical, and nonverbal cues, which limits the ability to establish and strengthen relationships among participants. In addition, participants from rural communities may not gain the same experience as other participants due to, in some cases, weaker internet connections. The ministry is working to address the obstacles associated with virtual training and employ alternative training delivery methods to ensure communities are receiving training

before the 2022 hazard season. Further, in 2021-22, as part of the government's red tape reduction efforts, the ministry removed a number of legacy training documents and directives from the inventory.

Eligible participants can enrol for emergency management online training courses (including Basic Emergency Management, Scribing for Emergency Management, and Incident Command System 100) at anytime. The courses continue to help build community capacity and improve resilience.

While Alberta has the majority of Incident Command System instructors in Canada (approximately 299), a number of these certified instructors have been inactive. The number of active instructors is 238, and the ministry identified inactive Incident Command System instructors and, where appropriate, removed them from the provincial roster. Throughout 2021-22, the ministry continued to demonstrate agility, supporting a range of audiences in gaining access to the Learning Management System and the various online emergency management offerings. Ministry staff worked with partners to ensure virtual delivery of emergency management training was effective and capable of attaining the required standard for knowledge transfer and quality outcomes.

Incident Command System Canada is now under the umbrella of the Canadian Interagency Forest Fire Centre and a new, tiered model for membership for provincial authorities having jurisdiction, and other members, has been created, along with renewed terms of reference and work plans.

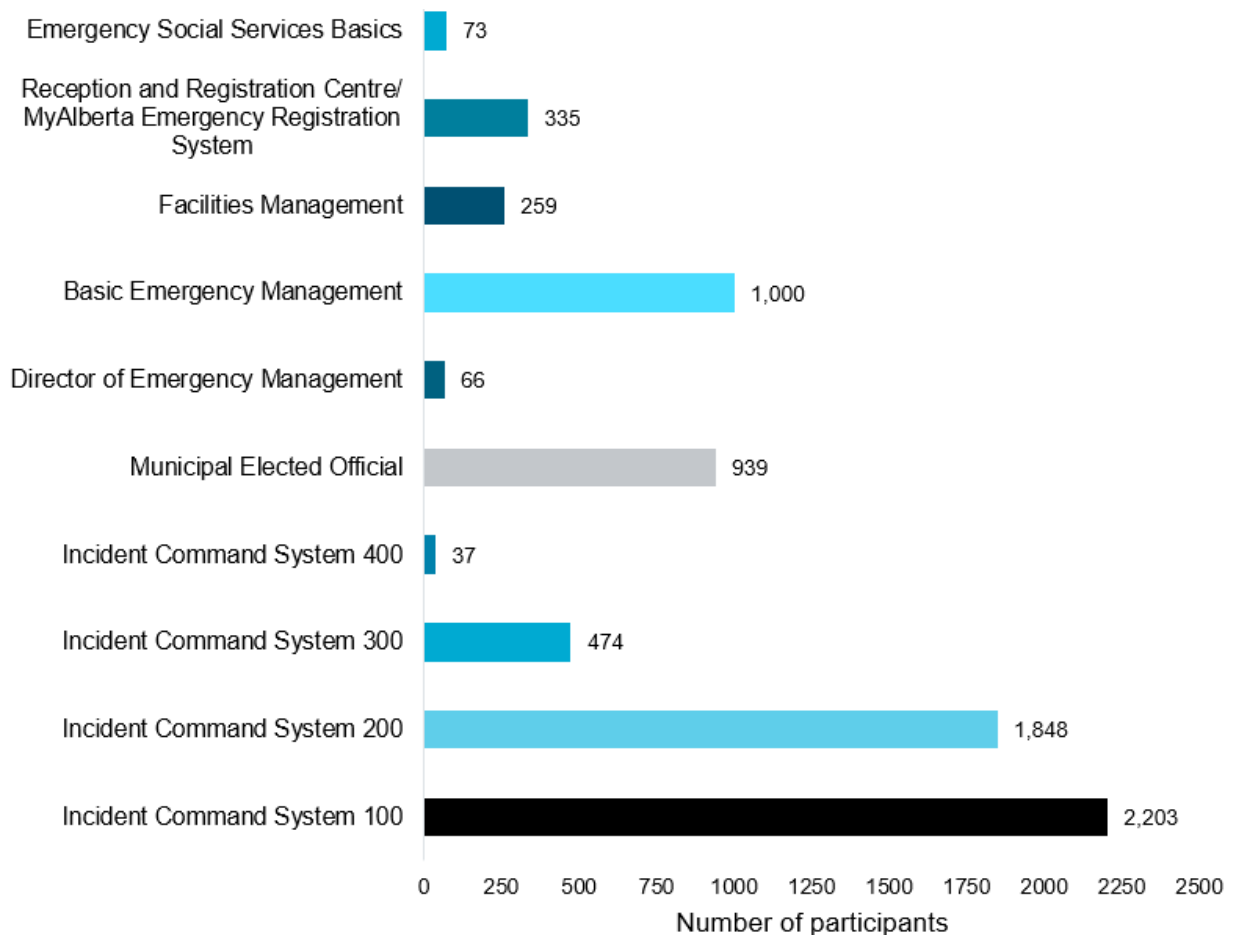
Incident Action Plan Workshop

An incident action plan workshop aimed at municipal emergency management staff is under development. The workshop will be an advanced training course that fills in knowledge gaps in Incident Command System training after the completion of Incident Command System 300, and allows concept application of material learned. The workshop is expected to go through two deliveries, the alpha and beta, to determine if the training course is effective and meets the training objectives. After each delivery, the training course will be evaluated and refined before the finalized course is available in 2022.

Emergency Preparedness Week

Building awareness and understanding of disaster risks faced by Albertans is an important part of emergency preparedness. It helps Albertans know what to prepare for and the actions they can take to reduce their risk. In extreme situations, being prepared can save lives. More often though, when the people impacted by disruption are prepared, it helps them manage the situation more easily and reduces the strain on municipalities and the province. This frees up municipal and provincial resources so they can focus efforts on emergency response.

Incident Command System Courses and Related Training Completed (April 1, 2021 - March 31, 2022)



The annual Emergency Preparedness Week campaign, which is conducted nationally, encourages public resiliency to disasters and emergencies. Municipal Affairs, on behalf of the Government of Alberta, coordinated the one-week campaign from May 2 to 8, 2021. The campaign is a catalyst for promoting year-round preparedness by bringing community leaders together to champion preparedness at the local level and increasing risk and preparedness literacy so Albertans can better navigate disruptions.

The planning efforts for Emergency Preparedness Week in May 2021 resulted in new communication tools to get preparedness messages out to the public, including:

- an Emergency Preparedness Week web page;
- a presentation to the International Association of Emergency Managers, which was featured on the Emergency Preparedness in Canada podcast;
- daily preparedness messages in reports to stakeholders and partners; and
- a contest encouraging preparedness aimed at Alberta Public Service staff.

In May 2021, the ministry saw 9,393 webpage visits, 12,583 page views, and 236 downloads of the Emergency Preparedness Week toolkit. Emerging issues, such as the Parkland County Wildfire and the announcement of public health measures such as the expanded COVID-19 vaccination roll, resulted in

fewer participating communities. However, with the new communication tools, the website saw traffic increase by 76 per cent.

Be Prepared Program

Municipal Affairs supports building resilience through the Be Prepared program, building strategic partnerships, and public education that focuses on the responsibilities of Albertans before and during disasters and emergencies.

The goal of the program is to build individual and community resilience. In partnership with subject matter experts, material about being prepared for emergencies and disasters has been translated into eight languages. The Be Prepared program includes:

- 15 web pages on Alberta.ca that include information on the most prevalent hazards in Alberta and resources to help make an emergency plan, gather supplies, prepare pets, farm animals, and livestock;
- public education materials including printable QR code posters, fact sheets, infographics, and preparedness toolkits to help leaders champion the message; and
- 19 videos in the Get Prepared: Emergency 60 Second Emergency Tips series.

Two new initiatives offered in 2021-22 were added to the Alberta Emergency Alerts app that displays links to preparedness information when alerts are issued; and weekly preparedness messaging was incorporated into the daily situation reports sent to emergency management stakeholders and partners. This multi-channel strategy has boosted the reach of preparedness messaging, with a 166 per cent increase in Be Prepared website visits (140,659 visits in 2021-22 compared to 52,912 visits in 2020-21).

Building New Partnerships

Fostering relationships and collaborating with emergency management communities builds greater public education and risk awareness capacity. Through virtual engagement activities with communities, capacity has been built by identifying preparedness champions and subject matter experts to contribute to the Government of Alberta's Be Prepared program. The program is structured to allow local leaders to modify the messaging to meet the unique needs of their communities. The Be Prepared program can be relied on entirely in the absence of local preparedness programming, or communities can choose to use program components and adjust the messaging for a local audience. In 2021-22, the number of organizations (including community governments) that linked to the Be Prepared program on their website increased from 103 to 305 (196 per cent), expanding the reach of Municipal Affairs' preparedness information and an indicator that communities see value in the program.

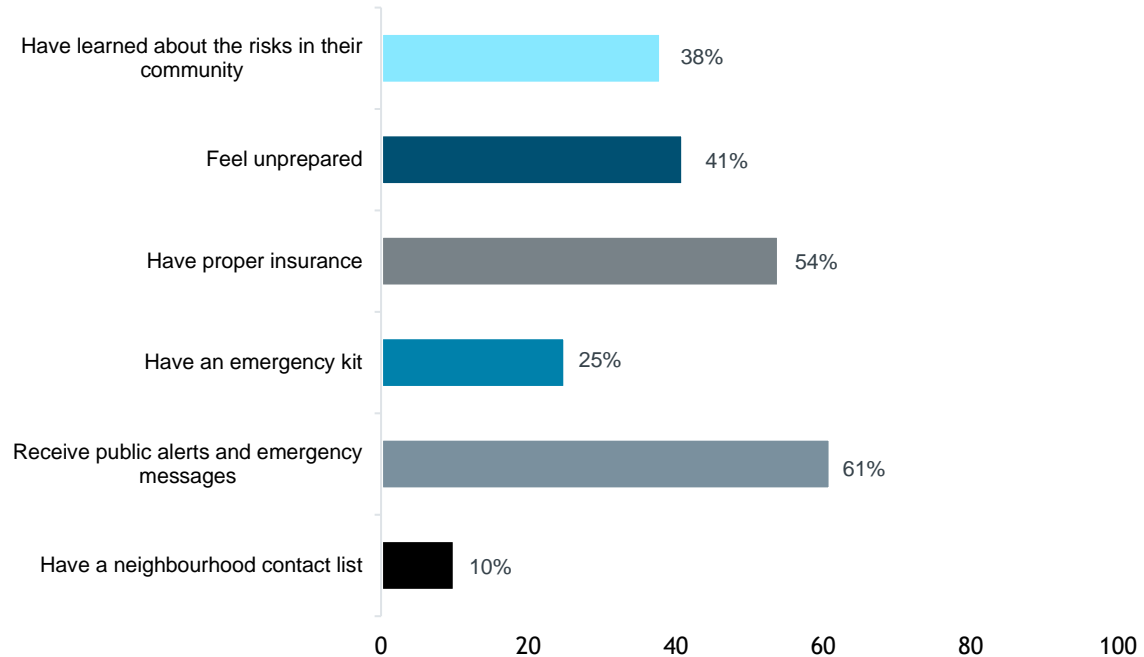
In 2021-22, a series of mini-surveys and polls were issued to emergency management, social services, and communications staff to understand what is being done to build individual resilience, and to identify opportunities for improvement. There were 767 individual responses, including 530 unique respondents, to the survey. The ministry continued to engage with community leaders who are interested in educating their community members in becoming more prepared through routine and consistent messaging in order to encourage year-round resilience.

Personal Preparedness Survey of Albertans

Municipal Affairs conducts research to help individuals and communities prepare for disasters. In 2021-22, the ministry collaborated with stakeholders and gained approval to conduct the first preparedness survey of Albertans in order to identify areas where the program might be enhanced. A third-party vendor conducted the survey by reaching out to 1,529 Albertans in May 2021 to measure the degree to which Albertans are

prepared, to track awareness, and determine the attitudes and behaviours that might influence people to take preparedness steps. The survey also asked about the impacts of COVID-19 on preparedness.

Personal Preparedness Survey Results (based on a survey of 1,529 Albertans)



The findings of the survey will be used to encourage community leaders across Alberta to take a part in improving preparedness and knowledge levels. This first survey established an individual preparedness baseline and will be a point of comparison for future surveys. Planned surveys for the next three years will allow the ministry to assess if the strategies developed to improve personal preparedness are successful and identify opportunities for improvement.

Land and Property Rights Tribunal: Albertans receive fair, timely, and well-reasoned decisions from the Land and Property Rights Tribunal

When government decisions impact the rights of citizens or where there is conflict between the competing interests of individuals, industry, or municipalities, the Land and Property Rights Tribunal provides Albertans with fair, timely, and well-reasoned decisions on a variety of matters, including land-use planning, assessment, development, and compensation disputes involving surface rights and expropriation. The overriding consideration and true measure of the success of the tribunal is that parties who appear before it feel that win or lose, they have been treated fairly. The tribunal's key objectives include:

- providing efficient, fair, and impartial appeals and advisory processes;
- assisting parties with resolving their disputes by providing effective alternative dispute resolution and mediation services;
- providing certification training and support to municipal Assessment Review Boards and Subdivision and Development Appeal Boards; and
- strengthening the rights of landowners and operators to fair and timely decisions on surface rights matters.

All statistical information provided regarding the work of the Land and Property Rights Tribunal is based on a fiscal year, with the exception of applications received for surface rights and expropriation matters.

As an amalgamated entity, the tribunal retains the authority formerly held by the Municipal Government Board, Surface Rights Board, Land Compensation Board, and New Home Buyer Protection Board, and is able to provide a more efficient structure that saves money and eliminates red tape by reducing the number of agencies, boards, and commissions across the Government of Alberta.

Following a government-wide review, direction was given to amalgamate the four quasi-judicial boards based on their similar mandates and operations. The administrative amalgamation was completed in 2017, and legislation formally amalgamating the four boards was passed in fall of 2020, with an in-force date of June 2, 2021. The new Land and Property Rights Tribunal has the same jurisdiction and responsibilities held by each individual board.

From a cost perspective, the amalgamation has generated considerable savings for Albertans and will continue to do so in the years to come. Having a single chair and eliminating the vice-chair roles from the previous boards has resulted in annual saving of approximately \$500,000. Other savings have resulted from centralizing administrative support functions and eliminating duplication of roles by reassigning staff to other areas of need. Further, centralizing member training and aligning appointment terms has saved time and taxpayer dollars.

From a workload perspective, the amalgamation has allowed greater flexibility when assigning members, which has improved the timelines for decisions and allowed members to be assigned to where they are most needed so that the tribunal can rapidly adapt to changing workloads and priorities.

As an example, the tribunal has taken on responsibility for training and hearings for subdivision and development appeals without increasing staff numbers or the number of tribunal members.

Increasing workloads in terms of volume and complexity puts greater pressure on the tribunal to move to a more specialized practice and provide cross-training for members.

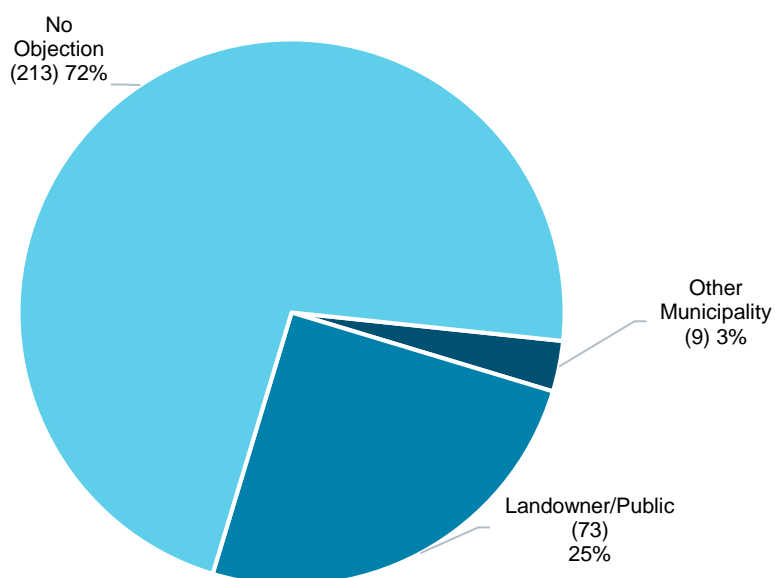
Annexations

In Alberta, the annexation process allows a municipality to acquire land for future development, to bring its municipal infrastructure in its boundary or to alter its borders to address some type of physical change to the landscape. This may have an impact on the rights of individual property owners and the rights and duties of the neighbouring municipalities or local authorities. While Cabinet is the ultimate decision-maker on whether an annexation is approved, the tribunal acts in an advisory capacity by making a recommendation to Cabinet on whether an annexation should proceed. Persons and municipalities affected by a proposed annexation have the right to voice their concerns prior to the tribunal making a recommendation.

Annexations are usually high-profile hearings, and they often involve a significant intermunicipal compensation and impact the assessment, taxation, and land use of hundreds of properties for decades.

While transferring land between jurisdictions can create conflict – for municipalities, other local authorities, the affected landowners, and the public – more than 72 per cent of all annexations approved in Alberta since 1995 have been amicable. Only three per cent of all annexations processed by the tribunal were the result of municipalities not being able to reach agreement on the terms of the annexation.

Annexation Orders in Council, 1995 to April 2022



The trend of intermunicipal consultation and cooperation continued in 2021-2022, notwithstanding one high profile hearing involving the City of Lloydminster and neighbouring municipalities located in Alberta and Saskatchewan.

In 2021-22, there were two contested annexations that required a public hearing. One hearing involving the City of Lloydminster, required two days for the preliminary hearing and eight days for the merit hearing. Given the complexity and length of this hearing, which involved 3,792 acres of land, this matter was heard by a five-member panel. On January 26, 2022, the Lieutenant-Governor in Council approved the annexation, following the tribunal's recommendation.

The other annexation hearing involved 3,850 acres of land and required one hearing day. In this case, the municipalities were able to reach an agreement and the only concerns brought forward were from affected landowners and the public.

Currently, 19 municipalities have filed notices of intent to annex with the tribunal and are in the process of developing annexation applications. Following public consultation, municipalities can submit an annexation report to the tribunal, which can take months, or even years depending on the amount of land requested, the number of affected landowners, and other factors.

While the tribunal has had great success in transitioning from in-person to virtual hearings as a result of COVID-19 public health measures, this was particularly challenging in the context of annexation hearings. Members of the public are entitled to be heard and there is no requirement for advance notice of participation. Notwithstanding this, tribunal staff were able to implement remote video technology to conduct lengthy and complex virtual hearings.

Subdivision and Development Appeals

Decisions by local municipal authorities as to whether to approve a subdivision or development can limit the rights of an individual property owner to do as they choose on their own land. When a proposed subdivision or development will have an impact beyond the immediate community, it is considered to be of provincial interest. An appeal of a subdivision or development permit refusal with a provincial interest must be filed with the tribunal rather than a local authority.

The tribunal hears subdivision appeals where the land is the subject of a licence, permit, or approval from a provincial regulator or the Minister of Environment and Parks, within the Green Area, or is a prescribed distance from:

- highways;
- bodies of water;
- historical sites;
- wastewater management facilities; and
- landfills.

The tribunal hears development appeals where the land is the subject of a licence, permit, or approval by a provincial regulator or the Minister of Environment and Parks. An example is large solar and wind farm developments valued at millions of dollars. Development appeals represent a new area of jurisdiction for the tribunal, following amendments to the *Municipal Government Act* in 2020.

Balancing the rights of the landowners with the potential for public harm is critical, as each registered subdivision or development results in a permanent change in a community in terms of land use and development. Without appropriate approvals, the actions of one landowner can have a detrimental effect on the rights of neighbouring owners to use and enjoy their properties. For example, a new rural residential development may not be appropriate next to a confined feeding operation, heavy industrial development, landfill, or sour gas well.

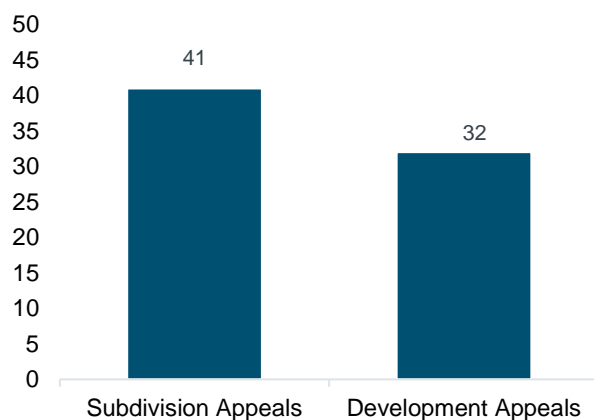
The tribunal has been called upon to decide matters that will have precedential impact. For example, a recent decision more than 90 pages in length, dealt with development on a flood plain. As appeals of tribunal decisions are dealt with in the Provincial Court of Appeal – a process which takes years – it is in all the parties' interest that the decisions of the tribunal are sound and well-supported by the facts and the law.

While the number of subdivision appeals has remained relatively constant, the number of appeals that proceed to hearing and the complexity of those matters in terms of the number of parties involved has changed. Of the 40 subdivision appeals filed in 2020, 31 proceeded to a hearing, which required the tribunal to provide notice to 1,091 affected parties. In 2021-22, all of the 41 subdivision appeals filed proceeded to a

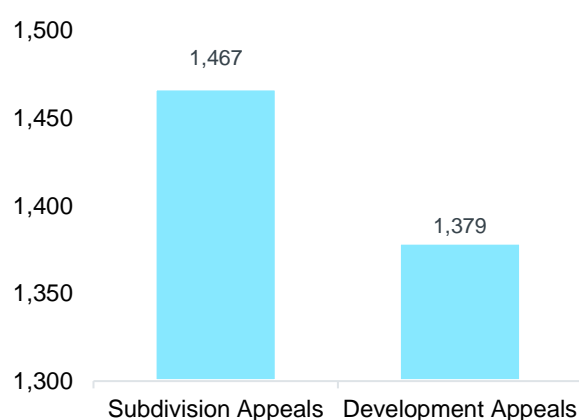
hearing which required that notice be provided to 1,467 affected parties. With this increase in the number of parties, the tribunal now records those parties who attend to help determine the more appropriate virtual meeting software to use at future hearings when many people are impacted and receive notice. In 2021, there were 229 parties who actively participated in the hearings.

In the tribunal's first year of hearing development appeals, 32 development appeals were filed. All these appeals proceeded to a hearing, representing 49 days of hearings. Notice was provided to 1,379 affected parties, with 421 parties participating in the hearings.

Number of Appeals Filed



Number of Affected Parties



The deadline for issuing decisions on subdivision and development appeals is 15 days from the conclusion of the hearing. As these appeals may involve millions of dollars and hundreds of parties, impact local communities for decades to come, and are only appealable to the Court of Appeal, legislation allows the tribunal to extend this deadline when necessary. The tribunal strives to meet the legislated deadline in all cases, understanding that delays may result in large development projects being cancelled or deferred. In all but the most complex decisions, the tribunal has met this deadline.

The switch to virtual hearings, although precipitated by the COVID-19 pandemic, has allowed the tribunal to accommodate more parties and adapt to a higher volume of hearings. This helps ensure decisions are issued on a timely basis.

The new development appeal jurisdiction required the tribunal to create and provide specialized training quickly for members undertaking this new work.

Other Land Planning and Development Disputes

Under Section 690 of the *Municipal Government Act*, when a municipality is of the opinion that a land-use bylaw adopted by an adjacent municipality has, or may have, a detrimental effect on it, it can file an appeal with the tribunal to have the municipality repeal or amend the disputed bylaw. For example, a major development in one municipality might put pressure on the existing transportation infrastructure of the neighbouring municipality.

Traditionally, most municipalities have been able to reach agreements so there were no intermunicipal disputes in 2019 or 2020. However, in 2021-22, there were two intermunicipal disputes: one has been resolved, and the other will proceed to hearing in 2022.

Under Section 619 of the *Municipal Government Act*, when a municipality does not approve an application for a statutory plan amendment or land-use bylaw, and the application is consistent with a licence, permit, or

approval of a provincial regulator such as the Alberta Energy Regulator, an appeal can be filed with the tribunal. These appeals are rare but of great importance when they are heard, as even a single appeal can affect hundreds and potentially thousands of landowners, and often involve issues of great complexity.

In 2021-22, two Section 619 applications were filed with the tribunal and these matters will be heard consecutively. In addition to eight days of preliminary hearings in 2021, a very lengthy five-week hearing has been scheduled to hear the merits of these appeals in spring of 2022.

Finally, under Section 635 of the *Municipal Government Act*, adjacent municipalities are required to establish intermunicipal development plans. If they are unable to come to an agreement, the minister must refer the matter to the tribunal for a recommendation. The tribunal received one such referral from the minister in 2021. As this is a new jurisdictional area for the tribunal, additional training had to be developed and provided to members.

Designated Industrial Property Assessment

Assessment of properties under the definition of designated industrial property includes major plants under the auspices of the Alberta Energy Regulator, Alberta Utilities Commission, and the National Energy Board. Linear properties such as pipelines, railways, and electric power systems are also included.

Residential and commercial properties use comparative market value as a way to approximate value. For major industrial facilities, which are not bought and sold on a regular basis, a fairer measure of value is captured by the value of the product being produced. To ensure some predictability for industry, designated industrial properties are assessed based on strict formulas established under legislation and binding ministerial guidelines.

The provincial assessor is responsible for making the original assessment and property owners have the right to appeal to the tribunal. Accordingly, the Minister of Municipal Affairs is a party to the proceedings.

The tax revenue from these major industrial facilities may represent the majority of income for many municipalities.

In the period from 2017 to 2019, of the 47 appeals filed, none proceeded to hearing. However, in the 2020-21 fiscal year, there were 27 appeals filed that represented approximately \$15 billion in assessed value and required 28 hearing days, including what may be the longest virtual hearing in Canada – 14 days – at the time.

In 2021-22, there were 19 appeals filed representing approximately \$16.5 billion in assessed value, and seven hearing days.

The legislation requires that tribunal members who do this work take specialized training and be certified every three years. A limited number of members have this accreditation, and nearly all are scheduled for re-certification training in the 2022-23 fiscal year.

Composite Assessment Review

Sharing the tax burden equitably requires an assessment of the value of property. Property owners do not want to pay more than their fair share; however, municipalities rely upon tax revenue to support the services they provide to all residents.

For many years, property owners who wanted to challenge their annual assessment had to struggle through two levels of appeal: first to the local assessment review board, and second, to the former Municipal Government Board. Amendments to the *Municipal Government Act* in 2014 created a single board. While residential assessment appeals are heard by three municipally appointed members, appeals for commercial

and multi-residential properties are heard by a panel of two local members with a provincially appointed member of the tribunal as the presiding officer.

Matters heard by the Composite Appeal Review Board routinely determine the value of multimillion-dollar properties such as apartments, hotels, and strip malls and for facilities such as major office towers and shopping malls, the value is measured in the billions of dollars.

In 2021-22, the tribunal provided presiding officers for more than 925 days of hearings across the province.

While the tribunal is required to assign members to all scheduled hearings, the settlement rate will directly impact the number of hearings that proceed. If the parties settle prior to a scheduled hearing, the hearing will be cancelled. In Edmonton the settlement rate remains relatively constant – around 45-50 per cent. In Calgary, as a result of factors beyond the control of the local assessment review board, the settlement rate reached almost 90 per cent in 2021. Settlements between the parties are the best-case scenario, as it allows them to resolve matters on their own terms and eliminates the requirement for a hearing, saving them time and money.

The challenge for the tribunal is that members must still be assigned and will not be available for other tribunal work. In response, the tribunal has cross-trained a number of members so that they can handle written hearings under the *Surface Rights Act* as a backstop when assessment hearings are settled.

Surface Rights

Under common law, landowners and occupants of land had limited powers, as mineral owners had the unimpeded right to enter onto farm property even if the land was destroyed or disturbed. To redress this inequity, the Government of Alberta passed legislation giving landowners and occupants the right to compensation for the loss of their land, while providing operators with a process that ensures their right to enter the land. The tribunal (formerly the Surface Rights Board), is the body that adjudicates these disputes. Proceedings are not appeals; they are original hearings to determine compensation for the interference and or damage caused by operators.

Given the legitimate but often competing interests of landowners versus operators, these are highly contentious disputes. The tribunal provides a faster, less expensive, and more accessible forum to decide these issues than the courts.

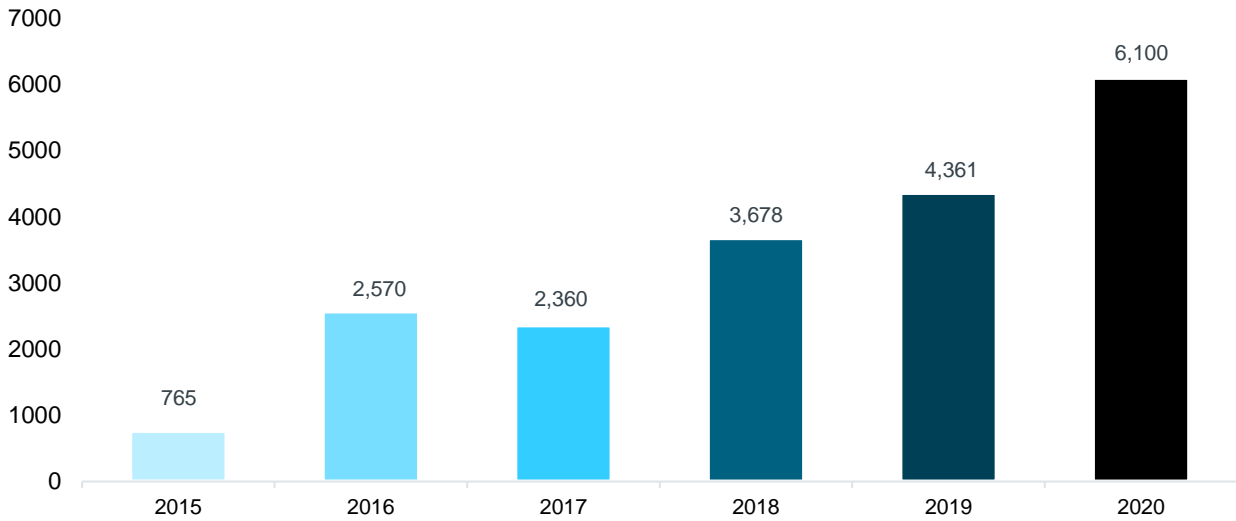
Although there is a wide range in the complexity of the matters that the tribunal deals with, all decisions must be in writing. Hearings range from written proceedings before a single tribunal member to multi-week in-person/virtual proceedings before a five-member panel.

In 2021, the tribunal received 7,446 surface rights applications, an increase of 41 per cent from 2020; conducted 6,591 hearings, both written and virtual, an increase of 19 per cent from 2020; and issued 6,555 decisions and/or orders, up 19 per cent from 2020.

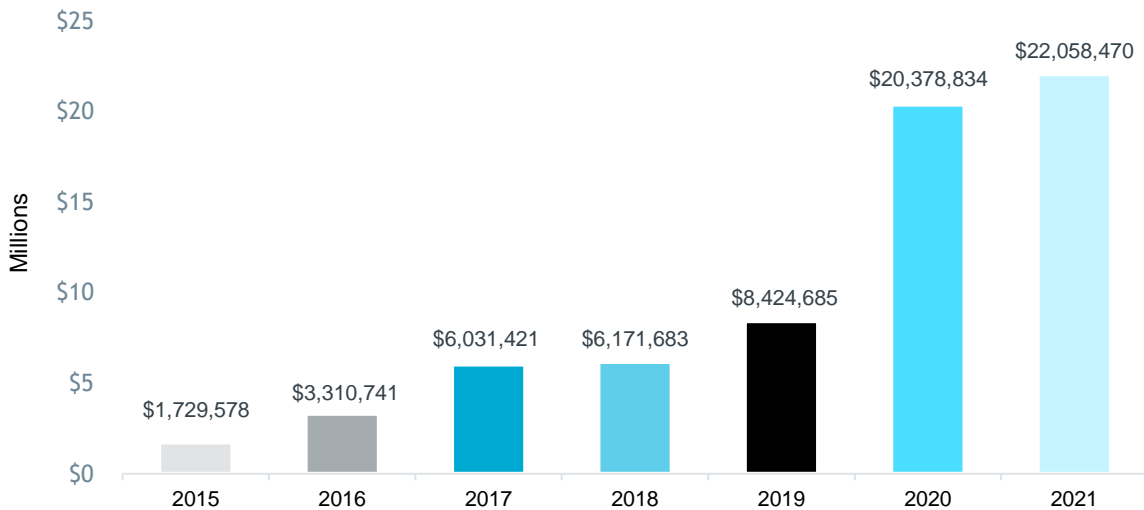
The exponential increase in applications resulting from low commodity prices beginning in 2016 has posed the tribunal's greatest challenge. The two areas where the pressure has been most keenly felt is recovery of compensation applications filed by landowners seeking relief when operators fail to pay and rate review applications filed by operators seeking to reduce annual compensation payments.

The charts below demonstrate the increase in the number of recovery of compensation applications received under Section 36 of the *Surface Rights Act* and the total compensation directed to landowners by the tribunal from 2015 to 2021.

Recovery of Compensation Applications Received (Section 36 of the *Surface Rights Act*)



Recovery of Compensation Amounts Directed for Payment (Section 36 of the *Surface Rights Act*)



In 2021-22, the tribunal made significant progress on the backlog of routine, non-complex recovery of compensation applications, reducing 6,000 unprocessed routing applications in August of 2020, to 79 applications by July 2021. This built on the success in 2020, when the tribunal eliminated the backlog in unacknowledged applications six weeks earlier than anticipated and the backlog in repeat applications, six months earlier than promised. These achievements were realized after receiving additional funding in the 2020-21 and 2021-22 fiscal years to recruit additional staff and members coupled with streamlining internal processes and application forms. The tribunal understands the importance of effectively managing the high

volume of applications it receives while recognizing that backlogs can create extended timelines for issuing, which delays compensation to landowners.

With the elimination of the backlog on routine files, the tribunal has been able to shift resources to handle the backlog in complex applications. These files are complex either because of a lack of evidence provided by the landowners or an objection filed by the operator. These complex applications require a considerable investment in time and human resources, and the backlog for these files rose as high as 1,200 in August 2021. However, following a reallocation of resources to reviewing complex applications, the tribunal has been able to reduce the backlog to approximately 400 files.

In 2021, the tribunal received 487 applications for a rate review under Section 27 of the *Surface Rights Act*, 300 of which were filed by operators. This compares to 345 applications received in 2020 and 256 in 2019.

Another area that has seen a substantial increase in applications are requests for reconsideration under Section 29 of the *Surface Rights Act* where the tribunal is asked to effectively reconsider its own decisions. In 2021, there were 149 such applications filed, which represented a large increase from 2020 and 2019 when 22 and 26 applications were received respectively. Despite the large application volumes, the backlog in requests for reconsideration, which rose to as high as 80 outstanding files in August of 2021, has been eliminated.

In previous years, the tribunal has been criticized for the amount of time its decisions took to be issued. To address this, tribunal members have established targets to issue a routine decision within 90 days and complex decisions within 120 days. For precedent-setting applications, there are no target timelines; however, the panel hearing the matter may determine its own target.

On the information technology front, enhancement of the Surface Rights E-filing Portal have modernized the tribunal's processes by allowing parties to submit applications online and monitor their application status. The tribunal is also implementing a new robotic process automation software, scheduled for spring 2022. Automating the application intake process will free up staff from the labour-intensive process of manual data entry, allowing them to address other areas of need. Plans are underway to expand the capabilities to include processing incoming emails from the tribunal's recovery of compensation email account, which receives approximately 80 emails daily.

Managing the backlog of complex recovery of compensation applications continues to be an issue for the tribunal members. However, the anticipated appointment of 20 new members in spring 2022, and the rigorous internal training program, will greatly assist rising to this challenge.

Expropriation

Expropriation is defined as the compulsory acquisition of land and property by the Crown. In a leading case on expropriation, it was observed that it nearly always results in a traumatic experience for affected property owners. The premise of the legislation is to make the expropriated owner economically whole, which may result in compensation for matters beyond the market value of the property, such as business disturbance and relocation costs.

Where the expropriating authority is an agency other than the Government of Alberta or a municipality – such as an irrigation district, wastewater commission, or utility company – the tribunal decides whether the expropriation should proceed. If there is an objection, the tribunal will, after conducting an inquiry and receiving evidence, provide a written report as to whether the expropriation is fair, sound, and reasonably necessary to achieve the objectives of the expropriating authority.

In all cases, if the parties cannot agree on compensation, the tribunal will decide based on a public hearing and the evidence presented by the parties. There is no limit on the amount of compensation claimed and multimillion-dollar claims are not unusual when business interests are concerned. The legislation also allows for recovery of reasonable legal and appraisal costs.

Decisions by the tribunal are final unless overturned by the Court of Appeal.

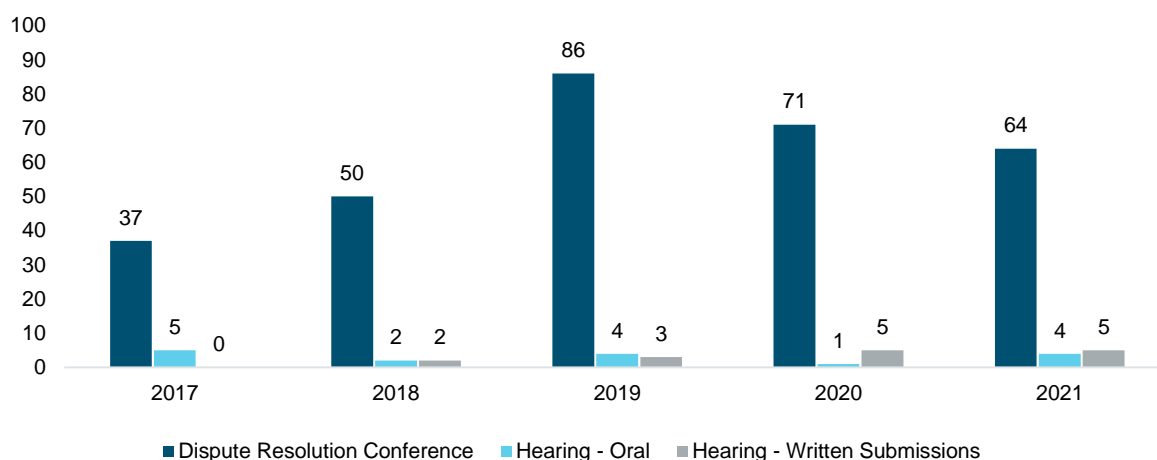
The volume of work increases when there is an increase in the number of infrastructure projects such as the building of roads, light-rail transit, flood mitigation and irrigation, or wastewater systems.

In 2021, there were 25 new claims for compensation compared to 44 claims in 2020, and 11 claims in 2019. The 2021 applications were primarily a result of light-rail transit expansion projects in both Edmonton and Calgary. The total dollar value claimed with respect to 21 of 25 claims exceeded \$42.7 million, compared to the total of \$144.5 million in 2020, and \$3.5 million in 2019.

For matters that proceeded to hearing in 2021, there were four oral hearings held virtually for a total of 27 days for claims totaling nearly \$47.5 million, and five hearings by way of written submissions.

The chart below shows the number of expropriation proceedings from 2017-2021.

Expropriation Proceedings



Training

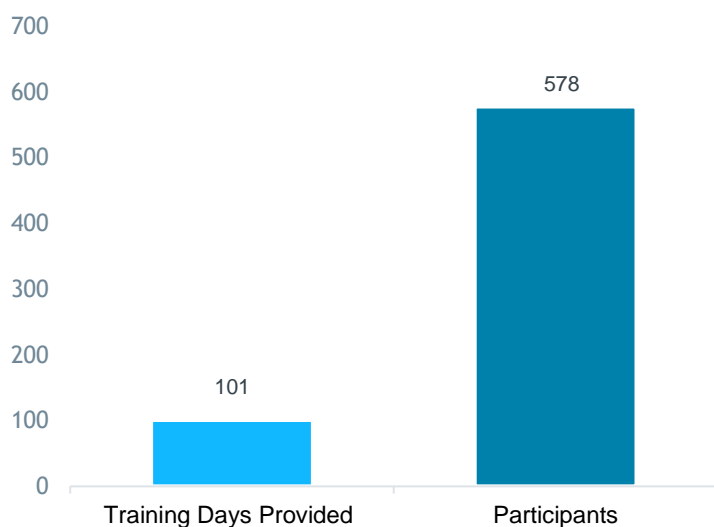
Certification Training

Under the *Municipal Government Act*, clerks and members of municipal Assessment Review Boards and Subdivision and Development Appeal Boards across Alberta must be certified as being appropriately trained. The legislation also mandates recertification every three years.

The tribunal is the sole provider of certification training for Assessment Review Boards and in 2021, these training sessions amounted to 53 days and involved 257 participants. An additional 40 participants registered for advanced training through the tribunal where no in-person training is provided. While tribunal members also take this training, they are a small fraction of the participants.

In 2020, the tribunal received additional jurisdiction for providing certification training for members and clerks of Subdivision and Development Appeals Boards. In 2021-22, this involved 48 days of training, involving 321 participants from 88 different municipalities.

Certification Training (All Courses)



Member Training

Training for members of administrative tribunals is extremely limited and expensive. Although there are public courses available, they are typically general in nature and of limited assistance. The Land and Property Rights Tribunal, like the courts, has been forced to develop extensive in-house training for its members. With the assistance of members of the judiciary and experienced tribunal members, an average of 30 days of member training is undertaken each year in the form of introductory courses, specialized training, workshops, and targeted training for areas of work where the volume has increased suddenly. With amalgamation, new jurisdiction, and the

expected appointment of 20 new members, the demand for in-house training is expected to increase in 2022.

Performance Measure A: Percentage of parties who are satisfied or neutral regarding the tribunal's adherence to rules of natural justice while adjudicating land planning, development, right of entry, compensation and assessment matters

Prior Years' Results			2021-22 (2020-21) Target	2021-22 (2020-21) Actual
2018-19 (2017-18)	2019-20 (2018-19)	2020-21 (2019-20)		
89%	88%	93%	88%	86%

The 2021-22 measure result of 86 per cent is two percentage points below the target of 88 per cent. It is seven percentage points below last year's actual of 93 per cent.

The achieved result of 86 per cent is slightly below the target and indicates stakeholders are less satisfied with the tribunal's appeal process than in the last four years. The survey focused on two general areas: 1) the hearing process, and 2) timeliness of the written decision.

The tribunal scored strongest on the hearing process component of the survey.

Parties were overwhelmingly satisfied that the tribunal acted in a courteous manner (98 per cent); they were provided an opportunity to present their case (94 per cent) and the hearing process was easy to understand (89 per cent). Parties were generally satisfied the hearing was conducted in a timely manner (83 per cent); and the hearing process was fair, unbiased, and impartial (83 per cent).

The tribunal scored weakest on the written decision component of the survey. Parties were generally satisfied that the written decision was issued in a timely manner (70 per cent), which is twelve per cent lower than the 2020-21 result of 82 per cent. However, a result of 70 per cent is a strong result compared to prior years. For comparison, the tribunal scored 16 per cent lower in 2018-19 with a result of 54 per cent.

In recent years, the tribunal has emphasized improving the timeliness of written decisions. This was accomplished by introducing target timelines for issuing written decisions and reallocating additional resources to areas experiencing high volumes of applications or appeals.

The current measure and survey has been determined to be the most effective method of measuring the tribunal’s performance because it relies on anonymous feedback from independent third-parties who were directly involved and impacted by the hearing process and decision.

Performance Indicator B: Percentage satisfied or neutral regarding Land and Property Rights Tribunal support to Municipal Composite Assessment Review Boards

Prior Years' Results			2021 (2020)
2018 (2017)	2019 (2018)	2020 (2019)	
96%	99%	99%	92%

The results show that the Composite Assessment Review Board clerks were less satisfied with the performance of the members assigned to their Composite Assessment Review Board hearing.

The tribunal has historically achieved a high result of 99 to 100 per cent.

The 2021-22 results are from a small sampling of only 13 responses therefore the decrease from the prior year is the result of only one clerk of 13 being unsatisfied.

A negative comment received in the survey involved members requiring more training with decision-writing. All remaining comments were either positive or recommendations for other services.

The tribunal continues to focus on the training and development of its members through workshops and other learning events such as monthly teleconferences for members to discuss trends and issues.

Performance Measure and Indicator Methodology

Performance Measure 1.a: Regulatory requirements reduced across the ministry

Prior Years' Results		2021-22 Target	2021-22 Actual
2019-20 Actual (target 5%)	2020-21 Actual (target 12%)		
11%	25%	20%	30.5%

Methodology

A baseline count of regulatory requirements in the Government of Alberta's statutes, regulations, policies and forms as of May 1, 2019, was completed in February 2020. The baseline count is the benchmark used to measure annual reduction targets and the final one-third reduction.

Counters followed a common count methodology and guidelines developed by Treasury Board and Finance. Training and ongoing guidance were provided to ensure consistency in methodology across departments and agencies. The methodology identifies which types of regulatory requirements are in and out of scope, as well as specific instructions on how to count different kinds of in-scope requirements as they appear in different regulatory instruments.

As regulatory instruments are revised, added, or repealed, departments and agencies are required to update the count of regulatory requirements by counting and entering resulting net changes to the count of regulatory requirements in that instrument.

Source

Regulatory requirements are counted in each regulatory instrument, including statutes, regulations, policies, and forms.

Regulatory items are collected and counted by each Municipal Affairs program area and agency (specifically, those agencies subject to the *Alberta Public Agencies Governance Act*) to create a baseline count of regulatory requirements. The collected data are entered into the Regulatory Count Tracking Database maintained by Treasury Board and Finance. This database is the official repository of regulatory count data. Departments are required to enter ongoing updates into the Regulatory Count Tracking Database as their counts change.

Performance Measure 2.a: Percentage of municipalities deemed to be not at risk based on financial and governance risk indicators

Prior Years' Results			2021-22 Target (2020)	2021-22 Actual (2020)
2018-19 (2017)	2019-20 (2018)	2020-21 (2019)		
93%	94%	94% ¹	90%	95%

Note: 1. Based on financial data submitted by 332 municipalities

Methodology

The percentage of municipalities deemed to be not at risk is modelled by a set of calculated risk indicators based on information collected from:

- audited financial statements;
- municipal financial information returns;
- local government election records in the Elections Database; and
- ministerial actions tracked in the Action Request Tracking System.

The model assesses each municipality's risk based on 13 indicators derived from the source data for each municipality. Each indicator has a defined trigger level; a municipality would either trigger or not trigger each indicator. The outcomes of all indicators are entered into the risk model. A municipality is deemed at risk if it triggers one of the two critical indicators, or three or more of the 11 non-critical indicators.

The two critical indicators are: 1) legislatively permitted ministerial interventions, and 2) audit outcomes.

Ministerial Interventions

Ministerial interventions are triggered if any of the legislated ministerial actions, such as appointment of an official administrator, settlement of intermunicipal disputes, or initiation of a viability review, occurred in the given calendar year, or if a municipality is part of a multiyear ministerial process, such as the minister setting the budget for a municipality due to a budget deficiency. This is confirmed through documentation in the Action Request Tracking System.

Audit Outcome Indicators

An audit outcome indicator is triggered if either a going concern or a denial of opinion is found in the municipality's audited financial statements.

The non-critical indicators include:

- eight financial indicators calculated from the financial information provided by municipalities;
- population change, based on the ministry's annual population lists;
- interest in municipal office, calculated from records in the Elections Database; and
- on-time financial reporting, which is derived from the administrative tracking tables in the Municipal Financial Information System.

A list of these indicators, the indicator descriptions, data sources, and calculations are detailed in a data dictionary.

The percentage of municipalities deemed to be not at risk is the number of not-at-risk municipalities ("total number of municipalities included in the analysis" minus "the number of triggered municipalities") divided by the total number of municipalities (included in the analysis) multiplied by 100.

Calculation:

$$\% = \frac{(\text{Total Number of Municipalities} - \text{Number of Triggered Municipalities})}{\text{Total Number of Municipalities}} \times 100$$

Municipalities gather and report their information on a calendar year basis so this information is not provided to the department until after the end of the Government of Alberta's fiscal year, results are for the calendar year with a one-year delay. For example, results for 2021-22 reflect the 2020 calendar year.

Source

Data Collection Processes

The 2021-22 result reflects the 2020 calendar year (January 1 to December 31, 2020). The *Municipal Government Act* requires each municipality to prepare and submit annual audited financial statements and a financial information return to Municipal Affairs by May 1 of each year for the previous financial (calendar) year. This deadline was extended to October 1, 2020, in recognition of the challenges municipalities were facing in spring 2020 due to the COVID-19 pandemic. An independent auditor contracted by the municipality audits the financial statements. The financial statements are certified by the auditors and approved by the municipal council before submission to Municipal Affairs. The audit outcome indicator is based on the audit opinions given to the municipality by the municipality's auditor. The audit opinion is part of the audited financial statements that municipalities are required to submit to the ministry annually.

The financial information return is a standard set of year-end reports that capture detailed financial information for each municipality. Municipal Affairs provides a financial information return form for municipalities as a means to simplify data submission. The financial information return form must be certified by the organization's signing authorities before the information is accepted by Municipal Affairs. The data from the forms is loaded into the ministry's Municipal Financial Information System and populates the relevant tables in the system's Oracle database.

Municipal financial information returns use the Municipal Financial Information System, and data is gathered from the audited financial information returns received from all municipalities. The reporting period is a calendar year, and information is collected once a year (May to July) and reported annually.

A set of manual and automated processes in the Municipal Financial Information System ensures the data is verified and validated; administrative dates are tracked; and a municipality's financial reporting progress is monitored. Municipalities flagged with data anomalies receive follow-up phone calls and/or emails from Municipal Affairs staff, and the municipality may be asked to provide additional supporting documents and/or data corrections.

The Elections Database is an online tool for municipalities to report candidate information, election results, and elected official information to Municipal Affairs. For each municipal election, the municipality is required to report the election information according to the specified timelines in the *Local Authorities Election Act*. Municipalities have the choice of entering the election information directly to the Elections Database or uploading the election information to the Elections Database by using pre-programmed loadable forms. The indicator – election candidates to positions ratio – is calculated based on the election information reported by the municipalities and stored in the Elections Database.

Information is gathered every four years (for municipal general elections/summer village elections) and on an ongoing basis for byelections. Data is updated after every election but compiled annually (January).

The Action Request Tracking System is an internal database that tracks formal correspondence entering and leaving the Government of Alberta. This database is updated on a daily basis as correspondence is received or ministry action is required. This review process and the outcomes are tracked using the system. If the minister issues a Ministerial Order or initiates a process authorized under the *Municipal Government Act*, an

approval document must be created. In addition to searching the Action Request Tracking System, the business unit performs a keyword search on the Ministerial Order listing document, which is maintained by the ministry’s Corporate Policy and Red Tape Reduction unit. If a signed approval document authorizing ministerial action against a municipality is found in the Action Request Tracking System or in the list maintained by the ministry for that year, the municipality is deemed to have triggered this indicator. Information on ministerial interventions is gathered from the Action Request Tracking System – specifically from ministerial correspondence provided to municipalities, where the minister was required to take action. This information is gathered and reported on annually.

Each year, Municipal Affairs publishes a population list of all Alberta municipalities based on the most recent municipal census or latest federal census. The list has municipal census population figures submitted to the ministry as of September 1 of the reporting year, in accordance with the *Municipal Government Act*. Conducting a municipal census is at the discretion of the municipality. Most municipalities rely on the information provided by the federal census prepared by Statistics Canada once every five years. Municipalities that had completed their own census used requirements specified in the Municipal Census Manual. In most instances, the municipal census count would supersede the federal census count.

The Municipal Affairs Population List is gathered from population counts received from federal census or municipal census. Information is collected each November and reported annually by municipalities that complete a municipal census.

Performance Measure 3.a: Number of injuries and fatalities caused by structural or mechanical failure of buildings and associated systems per 100,000 population in Alberta

Prior Years' Results			2021-22 (2021) Target	2021-22 (2021) Actual
2018-19 (2018)	2019-20 (2019)	2020-21 (2020)		
0.83	0.80	0.59	0.82	0.67

Methodology

Ministry staff review incident reports with injuries and/or fatalities identified and determine which were caused by structural or mechanical failure. This rationale for each safety discipline is documented in detail to ensure consistency across disciplines and so it can be replicated in future years.

Ministry staff multiply the number of injuries and fatalities by 100,000, then divide that product by the total provincial population reported by Treasury Board and Finance.

$$\frac{\text{Number of Injuries and Fatalities X 100,000}}{\text{Provincial Population}}$$

Source

Data for this measure comes from a combination of:

- incident reports from incidents reported by safety codes officers to the administrators for each discipline; and
- population data from Treasury Board and Finance.

Incident reports

Under the Administrative Items Regulation of the *Safety Codes Act*, safety codes officers are required to report incidents to their respective discipline's technical administrator, including events that result in injuries or fatalities.

Population data

Population figures have historically been based on the latest municipal or federal census counts reported to the minister as of September 1 (of the calendar year) in compliance with the Determination of Population Regulation 64/2001 under Section 604 of the *Municipal Government Act*. As this regulation was repealed in 2020, Treasury Board and Finance will now provide population estimates.

The population figure for 2021 is the population as of October 1, 2021, taken from the Treasury Board and Finance website. The population number was the most recent published number at the time of reporting.

3.b Performance Indicator: Number of injuries and fatalities involving buildings or associated systems not caused by structural or mechanical failure per 100,000 population in Alberta

NOTE: This metric did not appear in the 2021-24 Business Plan.

Prior Years' Results			2021
2018	2019	2020	
5.12	4.05	3.04	4.44

Methodology

Ministry staff review incident reports with injuries and/or fatalities identified, and determine which were not caused by structural or mechanical failure. This rationale for each safety codes discipline is documented in detail to ensure consistency across disciplines and so that it can be replicated in future years.

Ministry staff multiply the number of injuries and fatalities by 100,000, then divide that product by the total provincial population reported by Treasury Board and Finance.

$$\frac{\text{Number of Injuries and Fatalities X 100,000}}{\text{Provincial Population}}$$

Source

Data for this measure comes from a combination of:

- incident reports from incidents reported by safety codes officers to the administrators for each discipline; and
- population data from Treasury Board and Finance.

Incident reports

Under the Administrative Items Regulation of the *Safety Codes Act*, safety codes officers are required to report incidents to their respective discipline’s technical administrator, including events that result in injuries or fatalities.

Population data

Population figures have historically been based on the latest municipal or federal census counts reported to the minister as of September 1 (of the calendar year) in compliance with the Determination of Population Regulation 64/2001 under Section 604 of the *Municipal Government Act*. As this regulation was repealed in 2020, Treasury Board and Finance will now provide population estimates.

The population figure for 2021 is the population as of October 1, 2021, taken from the Treasury Board and Finance website. The population number was the most recent published number at the time of reporting.

Performance Indicator 3.c: Number of fire reports not caused by structural or mechanical failure of buildings and associated systems, per 100,000 population in Alberta

NOTE: This metric did not appear in the 2021-24 Business Plan.

Prior Years' Results			2021
2018	2019	2020	
100.09*	80.22*	89.68*	102.64

*Note: Indicators from previous years are recalculated using the most up-to-date information on reported fires in the Fire Electronic Reporting System to capture corrections and late-arriving reports from previous years.

Methodology

Ministry staff determine the count of all fire reports entered in the Fire Electronic Reporting System. Fires where the act or omission is coded as being related to a mechanical or system failure are excluded from the total.

Ministry staff multiply the number of fire reports by 100,000, then divide that product by the total provincial population reported by Treasury Board and Finance.

$$\frac{\text{Number of Fire Reports X 100,000}}{\text{Provincial Population}}$$

Source

Fire Reports

The source of this data is the Fire Electronic Reporting System. Under sections 8 and 9 of the Administrative Items Regulation, accredited municipalities are legislated to investigate and report all dollar loss and casualty fires to the fire commissioner. Safety codes officers in the fire discipline complete these reports. The system also receives fire reports from insurance adjusters.

Where an unaccredited municipality has a loss or casualty fire, the ministry is the responsible entity for the fire investigation and subsequent report.

Excerpt from Section 8 of the Administrative Items Regulation:

Reporting and investigating fires

8(1). Subject to subsection (2), if the responding officer of a fire department knows of a fire within the department's jurisdiction in which a person dies or suffers an injury that requires professional medical attention or in which property is damaged or destroyed, the reporting officer must report the fire to a safety codes officer for the fire discipline.

8(2). A safety codes officer for the fire discipline must investigate the cause, origin, and circumstances of every fire within the safety codes officer's jurisdiction in which a person dies or suffers injury that requires professional medical attention or in which property is damaged or destroyed.

8(3). This section does not apply to forest fires.

While forest fires are exempt from investigation and reporting under the Administrative Items Regulation, property loss suffered as a result of a forest fire is reported to the ministry's fire commissioner.

Population data

Population figures have historically been based on the latest municipal or federal census counts reported to the minister as of September 1 (of the calendar year) in compliance with the Determination of Population Regulation 64/2001 under Section 604 of the *Municipal Government Act*.

The population figure for 2021 is the population as of October 1, 2021, taken from the Treasury Board and Finance website. The population number was the most recent published number at the time of reporting.

Performance Measure 4.a: Percentage of communities visited by an Alberta Emergency Management Agency field officer and had their Community Emergency Management Plan reviewed annually

Prior Years' Results			2021-22 Target	2021-22 Actual
2018-19	2019-20	2020-21		
93%	85%	83%	80%	85%

Methodology

Field officers develop and maintain relationships with all communities (municipalities, First Nations, and Metis Settlements) in their region. Their responsibilities include the review of community emergency management plans and routine visits to the communities to engage stakeholders and ensure local authorities have the requisite tools available to develop robust emergency management programs.

Field officers review community emergency management plans using one of the following two methods:

1. Communities participating in Community Emergency Management Program: For communities using this tool, field officers will use a continual improvement approach by reviewing and providing feedback to the communities. Once satisfied that a community is ready for a final review, field officers will schedule a visit to review the plan in person with the community's director of emergency management

or another appropriate representative. Following the in-person review, the field officer will track and address management of outstanding issues or concerns.

2. Communities not participating in Community Emergency Management Program: For communities that are not program users, the field officer will conduct an in-person review with a representative from the local authority, preferably the director of emergency management.

The following equation is used to process the data collected in Community Emergency Management Program:

$$\% = \frac{\text{Number of communities visited by Alberta Emergency Management Agency field officers and had their Community Emergency Management Plan reviewed}}{\text{Total number of communities in Alberta}} \times 100$$

This performance measure is calculated by comparing the communities that had been visited by an Alberta Emergency Management Agency field officer and had their community emergency management plan reviewed, to the total number of communities in Alberta. The resulting ratio is expressed as a percentage. A confidence interval is not applicable, as a representative sample is not used for statistical inference.

With the continued implementation of the Community Emergency Management Program tool, field officers now have the ability to conduct plan reviews remotely. Communities that have had their community emergency management plans reviewed remotely, but an in-person visit has not yet taken place, are excluded from this performance measure.

For communities that have adopted a regional approach for developing emergency management plans, field officers review the regional plan and meet with the appropriate municipal representative for the region. Review of an emergency management plan for a region, and subsequent field visits, count as a review and visit for all constituent communities. Each constituent community of a regional community emergency management plan is counted separately for this performance measure, rather than just counting one review and field visit.

Source

Data and information regarding field visits and reviews of community emergency management plans (those completed both in-person and remotely) is recorded in the Community Emergency Management Program, even if a community is not a participating program user.

The program is administered by a dedicated coordinator with full access rights to the database. The data is stored and maintained in the program and provides workflow management functionality for tracking corrective actions taken by a municipality. Field officers retain records from the review process to supplement the data and information entered into the program.

The Alberta Emergency Management Agency endeavours to update data in the Community Emergency Management Program as work occurs, or at least once a month. Ideally, data is entered at the time of the review; however, this is not always feasible. Senior management in the Provincial Operations branch of the Alberta Emergency Management Agency has the ability to conduct quality assurance checks to ensure data entered into the Community Emergency Management Program tool is accurate.

Performance Measure 4.b: Percentage of residential disaster financial assistance files that have received 90 per cent of its estimated funding within 90 days of being determined eligible for disaster financial assistance

NOTE: This metric did not appear in the 2021-24 Business Plan.

Prior Years' Results			2021-22 Target	2021-22 Actual
2018-19	2019-20	2020-21		
94%	78%	41%	90%	70%

Methodology

When the Alberta Emergency Management Agency receives a residential application for disaster financial assistance, a record is created and a data entry specialist enters the data into the Disaster Recovery Program database (for this performance measure, residential applications include all homeowner and tenant applicants). A case manager works with applicants to ensure all required documents are submitted and applicants are determined to be eligible for funding assistance following this review. The 90-day period for this measure begins once an applicant is determined to be eligible for the disaster recovery program.

Once an applicant is determined to be eligible, the eligibility date is recorded in a centralized spreadsheet, and an evaluator is assigned to the file to assess the damage. Case managers then contact the applicant to confirm eligibility and eligible funding, and to provide information regarding the next steps. Eligible funding estimates are determined based on damage assessments conducted by evaluators and are reviewed and approved before a payment is generated.

In order to track when an eligible applicant receives 90 per cent of the estimated funding, a manual calculation is required. The data from the Disaster Recovery Program database and the centralized spreadsheets is processed manually. The data sets are used for reporting are:

- applicant eligibility dates;
- verified payment dates; and
- cumulative payments received by applicants.

Using the data sets identified above, the percentage of eligible applicants receiving 90 per cent of estimated Disaster Recovery Program funding within 90 calendar days of being determined eligible is manually calculated. The following equation is used to calculate the percentage:

$$\% = \frac{\text{Number of eligible residential applicants who receive 90\% of estimated funding within 90 days of being determined to be eligible}}{\text{Total eligible residential applicants in fiscal year}} \times 100$$

The timeframe for administering a disaster recovery program can be as long as five years, depending on the size and the scale of a disaster. A disaster recovery program that is not concluded within the same fiscal year it is established may result in eligible files that span two fiscal years. These files are tracked and included in the performance measure reporting for the next fiscal year. Therefore, all eligible files that have received 90

per cent of their estimated disaster financial assistance in the current fiscal year and the 90-day processing time extends into the next fiscal year will be reported in the next fiscal year.

Source

The ministry maintains separate files for every application within each Disaster Recovery Program, and case managers and data entry specialists enter the information in these records into the Disaster Recovery Program database.

The Disaster Recovery Program database is a proprietary case management tool used to track various stages of file processing, including payments.

In addition, three data sets (eligibility date, the 90-day period from the eligibility date, and the percentage of estimated funding received by an applicant in the 90-day period after the eligibility date) are collected and tracked in centralized spreadsheets.

Work is underway to develop a new measure in conjunction with workforce metrics, as the ministry is examining how to most effectively and efficiently meet the recovery needs of those impacted by uninsurable loss or damage.

Performance Measure 4.c: Percentage grade of service maintained by the Alberta First Responders Radio Communications System, which provides public safety grade land mobile radio communications to first responders throughout Alberta for both day-to-day operations and emergencies

NOTE: This metric did not appear in the 2021-24 Business Plan.

Prior Years' Results			2021-22 Target	2021-22 Actual
2018-19	2019-20	2020-21		
95.5%	98.9%	98.4%	97.0%	98.6%

This performance measure is designed to demonstrate the Ministry's achievements in ensuring first responders' communications are emergency ready and allows first responders from other provinces and countries the flexibility of interoperable communications with Alberta's first responders in a mutual aid emergency.

With the Alberta First Responders Radio Communications System (AFRRCS), Alberta communities are better equipped to respond to emergencies and disasters with confidence in their communications. Its ability to support and maintain radio communications in all situations is an appropriate measure of public safety grade radio communications readiness across the province.

Dedicated staff consisting of network engineers, senior telecommunications support technicians, cryptology technicians, warehouse support, business relationship management, and finance and contracts support AFRRCS Operations 24/7. This ensures radio communications are fully operable while maintaining parts lists, contracts, evergreening, and handling any emerging issues. For example, the Business Relationship Coordination team is critical in building relationships with new agencies joining the system's current agencies. This is important because direct interactions and relationship-building are integral to how the system supports first responders and their communities.

This performance measure was initially developed in 2016-17. The system's governance committee, which is comprised of representatives of all senior first responders, such as the Chief of Edmonton Fire Rescue Services, Superintendent of the Edmonton Police Service, Solicitor General- Sheriffs, Royal Canadian Mounted Police, and Alberta Health Services, developed the grade of service as a performance measure.

The Alberta First Responders Radio Communications System is free to first responder agencies who wish to join. Secondary responders can join if their first responders are already on the system, for a nominal annual fee per radio. There are currently 163 agencies on AFRRCs with over 38,000 subscribers, 310 trunked sites and 30 mountain top repeater sites for a total 340 sites. In the previous fiscal year, the Business Relationship Coordination team met with eight agencies and provided presentations to 10 interested agencies.

The system can be used in mock emergencies, as requested by agency municipalities, to provide interoperable communications to all participants while providing staff with the training opportunity to set up and tear down the Sites on Wheels. Additionally, the system supports law enforcement agencies when additional communications are required.

Methodology

The grade-of-service measurement is used to help quantify system loading. The grade of service is characterized as a percentage and represents the probability of being delayed access to the system due to the unavailability of radio channels to support the call.

Active monitoring by system operations personnel occurs 24 hours a day, 365 days per year. Reporting on the grade-of-service level takes place on a site-by-site basis over a calendar quarter.

Grade-of-service minimum service level constraints include:

- unexpected or unplanned temporary increases in radio usage;
- poor or inconsistent radio discipline within agencies; and
- radio features that consume more airtime than traditional PTT voice traffic flows.

The system adjusts capacity based on use and routinely compiles predictive grade-of-service calculations to predict outcomes using estimated quantities and mathematical probability functions.

Archived historical data and real-time traffic data, as well as subscriber quantities, are determined by using an industry-standard measurement to examine system grade-of-service future states. This measurement is used to determine how many channels are needed based on the number of calls per hour, the average duration of a call, and the length of time calls are left in the queue.

This system maintains and manages the reporting facilities required to collect and store grade-of-service data.

The following equation is used to process the data:

$$\text{Grade of Service} = \left[\frac{\text{Total number of queued calls in the busiest hour of the fiscal calendar quarter}}{\text{Total number of talkgroup calls in the busiest hour of the fiscal calendar quarter}} \right] \times 100$$

Where:

- A queued call is an unconfirmed talkgroup call originating at a site with a reported queue duration of >0sec; and
- A talkgroup call is an unconfirmed talkgroup call originating at a site.

The result is expressed as a percentage.

The data analysis for this performance measure includes 309 sites. The system has 339 sites; however, 30 are Mountain Top Repeater sites, which do not operate the same way trunked sites do; therefore, certain metrics do not apply.

The number of sites used in the calculations will change over time as new sites are added.

Source

Data and information regarding grade of service are collected and reported quarterly and annually to service and governance councils and as requested by an agency in the event of any issues.

A trend analysis is performed annually to determine if a site requires a channel upgrade due to not meeting the three per cent grade of service. Sites with fewer channels will always have a higher percentage of queued calls; however, there may be other factors why a site did not meet the grade of service.

Quarterly and annual reports are stored on system’s internal SharePoint site and an external SharePoint site, which governance council members can access.

Data parameters are considered from time to time to ensure ongoing relevancy as system business requirements evolve. To affect the data parameters, the program area is required to engage a third-party contractor with database/report writing skills.

Performance Measure A: Percentage of parties who are satisfied or neutral regarding the tribunal’s adherence to rules of natural justice while adjudicating land planning, development, right of entry, compensation and assessment matters

NOTE: This metric did not appear in the 2021-24 Business Plan.

Prior Years’ Results			2021-22 (2020-21) Target	2021-22 (2020-21) Actual
2018-19 (2017-18)	2019-20 (2018-19)	2020-21 (2019-20)		
89%	95%	93%	88%	86%

Methodology

Hearing participant contact information is gathered by Land and Property Rights Tribunal staff to use for the survey. The scale used is a five-point, anchored satisfaction scale that asks respondents to respond with the following; strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, or strongly

disagree. Those parties that attended hearings have an interest in the outcome of the hearing and the decision.

Lists of attendees who attended hearings from April 1, 2020 to March 31, 2021 are compiled from the sign-in sheets that are provided at in-person hearings, or from an attendance list for virtual hearings.

Any parties who do not provide an email address are asked if they wish to participate, and told that if they would like to, they will need to provide an e-mail address to preserve anonymity.

In spring of 2021 an email was sent to all parties asking them to complete the optional on-line survey. One reminder is sent two weeks after the first email to all parties that did not respond.

A neutral response is interpreted as satisfied, given that half of the parties appearing before the tribunal do not receive a decision in their favour.

Source

Hearing participant information is obtained from Land and Property Rights Tribunal's internal database and from either sign-in sheets (in-person) or attendance lists (virtual) from hearings. The parties' email information is put into Opinio and the survey is sent to parties via email. The survey was sent by Land and Property Rights Tribunal staff in May and completed in June 2021, in order to capture all parties that attended hearings in 2020-2021.

Opinio allows reports to be run from the survey responses and the reports are stored on an internal drive.

Performance Indicator B: Percentage satisfied or neutral regarding Land and Property Rights Tribunal support to Municipal Composite Assessment Review Boards

NOTE: This metric did not appear in the 2021-24 Business Plan.

Prior Years' Results			2021 (2020)
2018 (2017)	2019 (2018)	2020 (2019)	
96%	99%	99%	92%

Methodology

The listing of clerks who requested information or required a member from January 1 to December 31 of the previous year are compiled from the legal files database and emails exchanged during the year. Each May, all Assessment Review Board clerks who contacted the Land and Property Rights Tribunal are sent an email requesting the survey be completed. Two weeks after the first email, a reminder is sent to all clerks who did not respond.

A five-point, anchored satisfaction scale asks respondents to answer using the following options: strongly agree; somewhat agree; neither agree nor disagree; somewhat disagree; or strongly disagree. Those clerks that requested Land and Property Rights Tribunal members for hearings or required support during the year complete the survey to determine if the Land and Property Rights Tribunal is fulfilling requirements and needs.

A neutral response is interpreted as satisfied, given that some hearings are cancelled and clerks may have no further comments to make.

Source

Assessment review board clerk information is maintained on a contact spreadsheet, and hearing information is gathered from the Land and Property Rights Tribunal's legal files database. The tribunal used Opinio survey software to collect data anonymously and produces reports from the survey responses; the reports are stored on the Government of Alberta server.

The indicator uses a survey that takes place in May and is completed in June to capture all clerks who, during the preceding calendar year, requested board members as presiding officers, or information on hearing procedures or legislation (e.g., the 2021 survey results reflect hearings that took place in the 2020 calendar year – January 1 to December 31, 2020).

Financial Information

Consolidated Financial Information

For the year ended March 31, 2022

Table of Contents

Reporting Entity and Method of Consolidation.....	128
Ministry Financial Highlights	129
Consolidated Statement of Revenues and Expenses (unaudited)	129
Consolidated Revenues and Expenses Highlights (unaudited)	130
Breakdown of Consolidated Revenues (actual)	131
Consolidated Expenses – Directly Incurred by Object (actual).....	132
Supplemental Financial Information	132
Lapse/Encumbrance (unaudited).....	133
Payments Based on Agreements	136
Disaster Recovery Program.....	137
Trust and Other Funds Under Administration.....	138
Financial Information of Other Reporting Entities	139
Summary of Improvement Districts (unaudited)*	139
Special Areas Trust Account Financial Statements (audited)	141
Safety Codes Council Financial Statements.....	176

Ministry of Municipal Affairs

Reporting Entity and Method of Consolidation

The financial information is prepared in accordance with the government's stated accounting policies, which are based on Canadian Public Sector Accounting Standards.

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The *Government Organization Act* defines a ministry as including the department and any provincial agency and crown-controlled organization for which the minister is responsible. The accounts of the ministry, which includes the Department of Municipal Affairs (*Government Organization Act*) and the Safety Codes Council (*Safety Codes Act*) are fully consolidated using the line-by-line method.

Under this method, accounting policies of the consolidated entities are adjusted to conform to the government, and the results of each line item in their financial statements (revenues, expenses, assets and liabilities) are included in government's results. Revenue and expense, capital, investing and financing transactions, and related asset and liability balances between the consolidated entities have been eliminated.

The audited financial statements for the Safety Codes Council are included in the ministry's annual report as per requirement of the *Safety Codes Act*.

The ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account; however, these entities' activities are not consolidated in the financial information for the ministry. The statement of revenues and expenses of the Improvement Districts' Trust Account are included separately in the ministry's annual report as per requirement of the *Municipal Government Act*. The audited financial statements of the Special Areas Trust Account are also included in the ministry's annual report as per requirement of the *Special Areas Act*.

A list of the individual entities making up the ministry are shown on the "Management's Responsibility for Reporting" statement included in this annual report.

Ministry Financial Highlights

Ministry of Municipal Affairs

Consolidated Statement of Revenues and Expenses (unaudited)

Year ended March 31, 2022

(in thousands)

	2022		2021	Change from	
	Budget	Actual	Actual	Budget	2021 Actual
Revenues					
Government Transfers					
Federal and Other Government Grants	\$ 295,220	\$ 526,351	\$ 280,945	\$ 231,131	\$ 245,406
Premiums, Fees and Licenses	38,554	55,234	36,084	16,680	19,150
Investment Income	250	681	582	431	99
Other Revenue	26,000	71,393	128,335	45,393	(56,942)
Ministry total	360,024	653,659	445,946	293,635	207,713
Inter-ministry consolidation adjustments	-	(5,099)	(32,277)	(5,099)	27,178
Adjusted ministry total	360,024	648,560	413,669	288,536	234,891
Expenses - Directly Incurred					
Programs					
Ministry Support Services	7,931	6,251	6,907	(1,680)	(656)
Municipal Services	46,060	43,919	43,821	(2,141)	98
Municipal Assessments and Grants	25,982	21,538	21,831	(4,444)	(293)
Municipal Sustainability Initiative	1,226,000	1,226,000	1,000,000	-	226,000
Federal Grant Programs	295,218	504,802	820,431	209,584	(315,629)
Grants in Place of Taxes	30,025	28,979	28,874	(1,046)	105
Alberta Community Partnership	25,400	26,254	10,250	854	16,004
Technical and Corporate Services	12,646	11,800	11,332	(846)	468
Alberta Emergency Management Agency	110,204	180,309	308,887	70,105	(128,578)
Quasi-Judicial Boards	6,963	6,920	6,907	(43)	13
Safety Codes Council	14,716	13,738	13,519	(978)	219
2016 Wood Buffalo Wildfire	-	-	287	-	(287)
Municipal Stimulus Program	-	-	499,115	-	(499,115)
Ministry total	1,801,145	2,070,510	2,772,161	269,365	(701,651)
Inter-ministry consolidation adjustments	-	(1,749)	(2)	(1,749)	(1,747)
Adjusted ministry total	1,801,145	2,068,761	2,772,159	267,616	(703,398)
Annual deficit	\$ (1,441,121)	\$ (1,420,201)	\$ (2,358,490)	\$ 20,920	\$ 938,289

Ministry of Municipal Affairs

Consolidated Revenues and Expenses Highlights (unaudited)

Year ended March 31, 2022
(in thousands)

REVENUES

Total revenue in 2021-22 was \$653,659, an increase of \$207,713 from 2020-21, and \$293,635 more than budget:

Federal and Other Government Grants

2021-22 revenue was \$231,131 higher than budget mostly due to a \$242,580 increase in the Federal Gas Tax Fund (FGTF); and an increase of \$21,549 in Disaster Financial Assistance Arrangements (DFAA) for Disaster Recovery Programs (DRP). These amounts were offset by (\$32,998) lower revenue for Investing in Canada Infrastructure Program (ICIP) due to project delays.

2021-22 revenue was \$245,406 higher than 2020-21 due to a one-time FGTF top-up funding of \$253,672 from the Government of Canada in 2021-22 and increases in the funding formula. The year-over-year increase of \$6,956 was mainly from an increase in federal government funding for the ICIP program as more projects were approved in 2021-22 compared to 2020-21. These increases were offset by a decrease in DFAA of (\$15,222).

Premiums, Fees and Licenses

2021-22 revenue was \$16,680 higher than budget primarily due to a \$15,302 increase in the 911 Call Center levy from 44 cents to 95 cents per cell phone per month effective September 1, 2021.

2021-22 revenue was \$19,150 higher than in 2020-21 mainly due to an increase of \$15,894 in the 911 Call Center levy that came into effect in September 2021.

Other Revenue

2021-22 revenue was \$45,393 higher than budget mostly due to \$42,249 of prior year expenditure refunds mainly related to DRP, and receipt of donated and transferred inventory in the amount of \$5,506.

2021-22 revenue was (\$56,942) lower than 2020-21 resulting mainly from \$32,740 less transferred inventory in 2021-22, combined with less prior year DRP expenditure refunds of \$22,930. Due to uncertain nature of disaster events these amounts are not budgeted.

EXPENSES

In 2021-22, total expenses were \$2,070,510, a decrease of (\$701,651) from 2020-21, and \$269,365 more than budget.

Municipal Sustainability Initiative

2021-22 expense was \$226,000 higher than in 2020-21, totaling \$1,226,000 in 2021-22 to allow municipalities to sustain existing projects and plan for funding changes in future years.

Federal Grant Programs

2021-22 expense was \$209,584 higher than budget primarily due to a one-time top-up grant funding of \$242,580 from the Federal Government for FGTF; offset by a reduction in ICIP of (\$32,998) due to project delays during the 2021-22 fiscal year.

2021-22 expense was (\$315,629) lower than 2020-21 mostly due to Safe Restart - Municipal Operating Support Transfer for (\$576,259) in 2020-21; offset by a \$253,672 increase due to 2021-22's top-up and the funding formula for FGTF; and an increase of \$6,956 in ICIP.

Alberta Emergency Management Agency

2021-22 expense was \$70,105 higher than budget mainly from increases for disasters under Disaster Recovery Programs (DRP) and wildfires under Municipal Wildfire Assistance Programs (MWAP), totaling \$31,778 combined with \$24,266 more of COVID-19 prevention and direct costs. Due to uncertain nature of disaster events these amounts are not budgeted. There was also a \$15,389 increase in 911 Call Center Support due to the increase in the monthly levy.

2021-22 expenses were (\$128,578) lower than 2020-21 primarily due to the prior year having 6 DRP events totaling \$178,160 compared to 7 DRP and MWAP events in 2021-22 totaling \$31,778 (variance of (\$146,382)). This decrease was offset by a \$15,894 increase in 911 Call Centre Support Program.

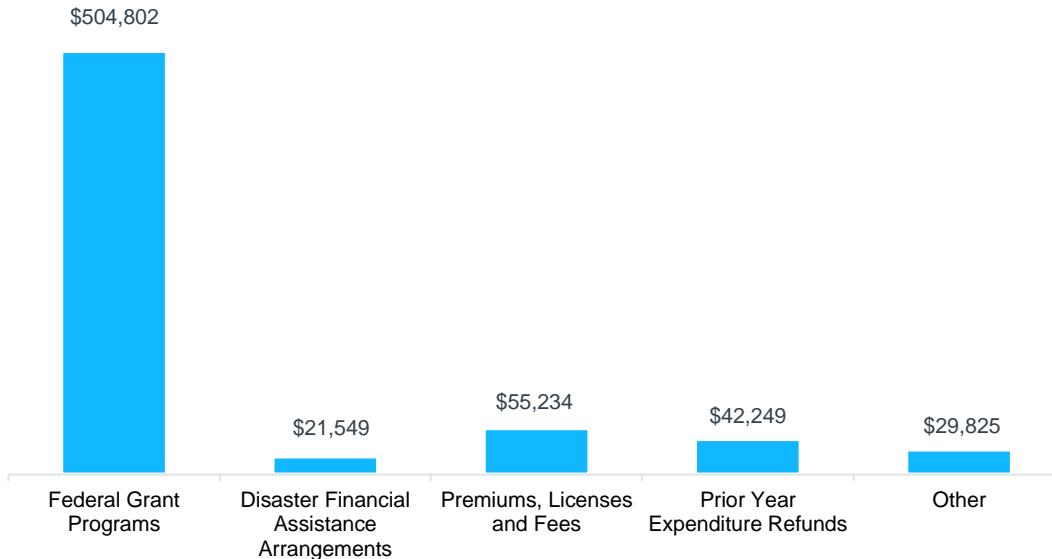
Municipal Stimulus Program

2021-22 expense was (\$499,115) lower due to one time grants funding in 2020-21 to help municipalities stimulate the economy through capital infrastructure investments.

Ministry of Municipal Affairs Breakdown of Consolidated Revenues (actual)

For the Year ended March 31, 2022
(unaudited)
(in thousands)

The following information presents detailed revenues of the ministry. The objective of detailed revenues disclosure is to provide information that is useful in understanding and assessing the financial impact of government's revenue raising and for enhancing legislative control.



Federal Grant Programs

Federal Grant Programs were the largest source of Ministry revenue. These programs consisted of:

Federal Gas Tax Fund	\$ 497,701
Investing in Canada Infrastructure Program	7,101
	<u>\$ 504,802</u>

Disaster Financial Assistance Arrangements

The Ministry recognizes Disaster Financial Assistance Arrangements (DFAA) revenue when the Government of Canada issues an Order in Council declaring the Alberta disaster to be of a concern to the Government of Canada. Because the accounts receivable from the Government of Canada for DFAA is based on an estimate, subsequent adjustments to the accounts receivable are reflected in the current year revenue. In 2021-22, DFAA includes an adjustment of \$21,549 as a result of changes in estimated future DRP costs.

Premiums, Fees and Licenses

The most significant sources of revenue in Premiums, Fees and Licenses are from the 911 Call Centre Program and from the Safety Codes Council.

- The *Emergency 911 Act* established a provincial monthly 911 levy on cellphones on April 1, 2014 (\$0.44 fee per phone number per month) on September 1, 2021 this levy was increased to \$0.95 per phone number per month. In 2020-21 these levies totaled \$35,902.
- The Safety Codes Council collects operating fees from municipalities, agencies and corporations as well as certification, accreditation, appeals, and course fees. In 2021-22, fees totaled \$14,702.

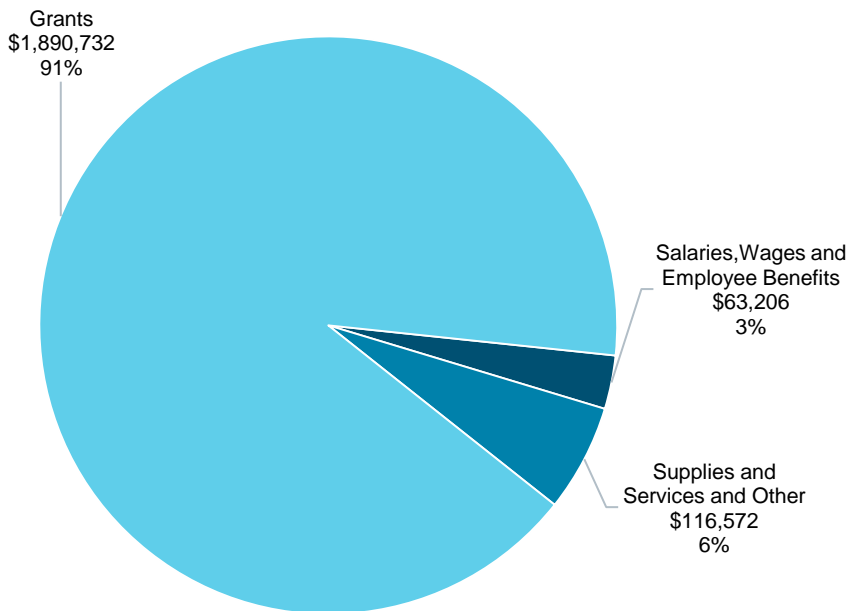
Prior Year Expenditure Refunds (PYER)

In 2021-22 the Ministry recorded \$39,636 in PYER revenue for DRPs as a result of reduced projected DRP expenditures. Other PYER is \$2,613.

**Ministry of Municipal Affairs
Consolidated Expenses – Directly Incurred by Object (actual)**

**For the Year Ended March 31, 2022
(Unaudited)
(in thousands)**

The following information presents expenses of the ministry that were directly incurred by object. The objective of disclosure of expenses by object is to provide information that is useful in evaluating the economic impact of government acquiring or consuming various types of resources.



The Ministry’s largest operating expense was grants, which totalled 91 per cent of operating expense. The largest grant programs were as follows:

Municipal Sustainability Initiative	\$ 1,226,000
Federal Gas Tax Fund	497,653
911 Call Centres Support	32,159
Disaster Recovery and COVID-19	41,481
Library Services	31,139
Grants in Place of Taxes	28,916
Alberta Community Partnership	26,254
Other	7,130
	<u>\$ 1,890,732</u>

Supplemental Financial Information

Department of Municipal Affairs Schedule to Financial Statements Lapse/Encumbrance (unaudited)

Year ended March 31, 2022
(in thousands)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	(Unexpended) Over Expended
EXPENSE VOTE BY PROGRAM						
1 Ministry Support Services						
1.1 Minister's Office	\$ 872	\$ -	\$ -	\$ 872	\$ 598	\$ (274)
1.2 Deputy Minister's Office	881	-	-	881	701	(180)
1.3 Support Services	5,953	-	-	5,953	5,048	(905)
	<u>7,706</u>	<u>-</u>	<u>-</u>	<u>7,706</u>	<u>6,347</u>	<u>(1,359)</u>
2 Municipal Services						
2.1 Program Support	955	-	-	955	609	(346)
2.2 Municipal Policy and Planning	4,325	-	-	4,325	3,557	(768)
2.3 Municipal Capacity and Sustainability	3,801	-	-	3,801	3,563	(238)
2.4 Library Services	36,979	-	-	36,979	36,184	(795)
	<u>46,060</u>	<u>-</u>	<u>-</u>	<u>46,060</u>	<u>43,913</u>	<u>(2,147)</u>
3 Municipal Assessments and Grants						
3.1 Policy and Divisional Support	2,709	-	-	2,709	1,921	(788)
3.2 Designated Industrial Assessment	14,171	-	476	14,647	12,580	(2,067)
3.3 Grant and Education Property Tax	6,806	-	-	6,806	6,765	(41)
	<u>23,686</u>	<u>-</u>	<u>476</u>	<u>24,162</u>	<u>21,266</u>	<u>(2,896)</u>
4 Municipal Sustainability Initiative						
4.1 Municipal Sustainability Initiative Operating	30,000	-	(917)	29,083	29,083	-
4.2 Municipal Sustainability Initiative Capital	1,196,000	-	917	1,196,917	1,196,917	-
	<u>1,226,000</u>	<u>-</u>	<u>-</u>	<u>1,226,000</u>	<u>1,226,000</u>	<u>-</u>
5 Federal Grant Programs						
5.1 Federal Gas Tax Fund	255,121	246,903	-	502,024	497,701	(4,323)
5.3 Investing in Canada's Infrastructure - Administration	103	-	-	103	110	7
5.4 Investing in Canada's Infrastructure - Rural and Northern Communities	31,303	(15,695)	(2,194)	13,414	4,665	(8,749)
5.5 Investing in Canada's Infrastructure - Green Infrastructure	1,132	-	200	1,332	1,332	-
5.6 Investing in Canada's Infrastructure - Community, Culture and Recreation	7,559	-	292	7,851	998	(6,853)
	<u>295,218</u>	<u>231,208</u>	<u>(1,702)</u>	<u>524,724</u>	<u>504,806</u>	<u>(19,918)</u>
6 Grants in Place of Taxes						
	<u>30,025</u>	<u>-</u>	<u>-</u>	<u>30,025</u>	<u>28,979</u>	<u>(1,046)</u>
7 Alberta Community Partnership						
	<u>25,400</u>	<u>-</u>	<u>1,226</u>	<u>26,626</u>	<u>26,254</u>	<u>(372)</u>
8 Technical and Corporate Services						
8.1 Warranty, Certification and Policy	3,425	-	-	3,425	2,960	(465)
8.2 Community and Technical Support	6,962	-	-	6,962	6,042	(920)
8.3 Residential Protection Program	1,794	-	-	1,794	2,046	252
	<u>12,181</u>	<u>-</u>	<u>-</u>	<u>12,181</u>	<u>11,048</u>	<u>(1,133)</u>

**Department of Municipal Affairs
Schedule to Financial Statements
Lapse/Encumbrance (unaudited)**

(Cont'd)

**Year ended March 31, 2022
(in thousands)**

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	(Unexpended) Over Expended
9 Alberta Emergency Management Agency						
9.1 Managing Director's Office	611	-	-	611	547	(64)
9.2 Strategy and Systems Support	3,269	-	-	3,269	2,944	(325)
9.3 Operations	6,151	-	-	6,151	6,133	(18)
9.4 Recovery Operations	2,305	-	833	3,138	2,775	(363)
9.6 Emergency Preparedness Grants	150	-	-	150	-	(150)
9.7 Alberta First Responders Radio Communications System	17,294	-	600	17,894	17,415	(479)
	<u>29,780</u>	<u>-</u>	<u>1,433</u>	<u>31,213</u>	<u>29,814</u>	<u>(1,399)</u>
10 Quasi-Judicial Boards	<u>6,963</u>	<u>-</u>	<u>-</u>	<u>6,963</u>	<u>6,883</u>	<u>(80)</u>
Total	<u>\$ 1,703,019</u>	<u>\$ 231,208</u>	<u>\$ 1,433</u>	<u>\$ 1,935,660</u>	<u>\$ 1,905,310</u>	<u>\$ (30,350)</u>
Lapse						<u>\$ (30,350)</u>

**Department of Municipal Affairs
Schedule to Financial Statements
Lapse/Encumbrance (unaudited)**

(Cont'd)

**Year ended March 31, 2022
(in thousands)**

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	(Unexpended) Over Expended
CAPITAL INVESTMENT VOTE BY PROGRAM						
3 Municipal Assessments and Grant Administration						
3.2 Designated Industrial Assessment	4,071	-	2,550	6,621	2,301	(4,320)
	4,071	-	2,550	6,621	2,301	(4,320)
9 Alberta Emergency Management Agency						
9.3 Operations	-	-	-	-	27	27
9.4 Recovery Operations	2,817	-	(833)	1,984	65	(1,919)
9.7 Alberta First Responders Radio Communication System	2,300	-	3,585	5,885	3,683	(2,202)
	5,117	-	2,752	7,869	3,775	(4,094)
Total	\$ 9,188	\$ -	\$ 5,302	\$ 14,490	\$ 6,076	\$ (8,414)
Lapse						\$ (8,414)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	(Unexpended) Over Expended
FINANCIAL TRANSACTIONS VOTE BY PROGRAM						
12 2013 Alberta Flooding Liability Retirement						
12.1 Disaster Recovery Program - Flooding	7,990	-	-	7,990	5,736	(2,254)
Total	\$ 7,990	\$ -	\$ -	\$ 7,990	\$ 5,736	\$ (2,254)
Lapse						\$ (2,254)

CONTINGENCY**OPERATING EXPENSE****Alberta Emergency Management Agency**9.5 Disaster Recovery ⁽⁵⁾

\$ -	\$ -	\$ 42,778	\$ 42,778	42,105	\$ (673)
------	------	-----------	-----------	--------	----------

INVENTORY ACQUISITION**Alberta Emergency Management Agency**

9.5 Disaster Recovery

-	-	32,400	32,400	2,182	(30,218)
---	---	--------	--------	-------	----------

Total

\$ -	\$ -	\$ 75,178	\$ 75,178	\$ 44,287	\$ (30,891)
------	------	-----------	-----------	-----------	-------------

(Lapse)/Encumbrance

(1) As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transactions Vote by Program" page 173 to page 184 of 2021-22 *Government Estimates*.

(2) Per the *Supplementary Supply Estimates* approved on March 24, 2022 (Bill 8). This disclosure is made pursuant to section 30 of the *Financial Administration Act*. Details outlined below:

- \$246,903 for the Federal Gas Tax Fund
- (\$15,695) for the federally funded Investing in Canada Infrastructure Program

(3) Adjustments include encumbrances, capital carry over amounts, transfers between votes and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote-by-vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year. Adjustments also include supply vote transfers of \$75,178 for "Contingency" as approved by the Lieutenant Governor in Council under the direction of the Minister of Finance (Order in Council 075/2022). The Contingency supply vote consists of a provisional funding authority transferable to any ministry. Upon approval by the Lieutenant Governor in Council, the President of Treasury Board and Minister of Finance may either spend or transfer all or a portion of this supply vote to another minister for public emergencies, disasters or unanticipated costs.

(4) Actuals exclude non-voted amounts as no cash disbursement is required (non-cash amounts), or because the Legislative Assembly has already provided the funding authority pursuant to a statute other than an appropriation act. Non-cash amounts such as amortization and valuation adjustments are excluded as these amounts do not require any expenditure or payment of public money.

(5) 9.5 Disaster Recovery includes COVID-19 Direct Costs Voted Actuals and other Disasters declared.

**Ministry of Municipal Affairs
Payments Based on Agreements**

**For the Year Ended March 31, 2021
(Unaudited)
(in thousands)**

The following has been prepared pursuant to Section 25(3) of the *Financial Administration Act*.

The Ministry has entered into agreements to deliver programs and services that are fully funded by Aboriginal Affairs and Northern Development Canada to deliver the Alberta First Nations Emergency Management Support Program. Costs based on these agreements are incurred by the Ministry under authority of Section 25 of the Financial Administration Act. Accounts receivable includes \$259 (2021 - \$590) and accounts payable includes \$zero (2021 - \$zero) relating to payments based on agreement.

Amounts paid and payable based on agreements with program sponsors are as follows:

	<u>2022</u>	<u>2021</u>
First Nations Emergency Management Support Program	<u>\$ 981</u>	<u>\$ 521</u>

Ministry of Municipal Affairs Disaster Recovery Program

For the Year Ended March 31, 2022 (Unaudited) (in thousands)

The Disaster Recovery Program (DRP) is administered by the Alberta Emergency Management Agency (AEMA). AEMA is part of Alberta Municipal Affairs. Alberta Regulation 51/94 of the *Alberta Emergency Management Act* allows the province to provide disaster recovery assistance to residents, small business, agriculture operations, and provincial and municipal governments if the event meets the criteria as outlined in the regulation.

The Ministry recognizes the DRP expense when the Government of Alberta (GoA) issues a Ministerial Order.

The Ministry recognizes Disaster Financial Assistance Arrangements (DFAA) revenue when the Government of Canada (GoC) issues an OiC declaring the Alberta disaster to be of a concern to the GoC. The estimated DFAA revenue is determined by assessing eligible DRP expenses under the DFAA guidelines. As a result, some DRP expenses are excluded when calculating the estimated DFAA revenue. The Ministry will continue to pursue revenue from the GoC for expenses that are excluded from the estimated DFAA calculation.

The following schedule lists disasters being administered by AEMA at March 31, 2022:

Disaster	GoC OiC	Total Projected DRP Expense ⁽¹⁾	Payments to Date	Accrued Liabilities	Total Projected DFAA Revenue ⁽¹⁾ ⁽²⁾	Advances/ Payments Received ⁽³⁾	Accounts Receivable
2011 Spring Southern Alberta DRP	160	21,010	21,010	-	7,696	6,000	1,696
2012 Capital Region DRP	163	3,068	3,068	-	69	-	69
2013 Southern Alberta Flood DRP	162	1,376,323	1,366,871	9,452	895,487	600,000	295,487
2013 Wood Buffalo DRP	172	20,682	20,382	300	7,282	-	7,282
2014 Southwestern Alberta DRP	181	19,557	19,257	300	7,798	-	7,798
2016 Wood Buffalo Wildfire DRP	197	527,994	482,137	45,857	369,986	307,000	62,986
2018 Spring Flood DRP	218	38,744	15,326	23,418	3,682	-	3,682
2019 Northwest Alberta Wildfires DRP	222	85,184	35,686	49,498	19,411	16,164	3,247
2019 Municipal District of Lessor Slave River DRP	308	18,753	7,297	11,456	-	-	-
2020 Northern Alberta Floods DRP	232	179,709	107,570	72,139	45,067	27,152	17,915
Other DRPs		77,245	32,570	44,675	-	-	-
March 31, 2022		\$ 2,368,269	\$ 2,111,174	\$ 257,095	\$ 1,356,478	\$ 956,316	\$ 400,162
March 31, 2021		\$ 2,376,139	\$ 2,028,162	\$ 347,977	\$ 1,334,927	\$ 956,316	\$ 378,611

(1) DRP expense and DFAA revenue are calculated based on management estimates. The projected DRP expenses and DFAA revenue are adjusted to reflect management's best estimate of the remaining obligations of the DRP and expected DFAA revenue.

(2) A province or territory may request GoC disaster financial assistance when eligible expenditures exceed an established initial threshold based on the provincial or territorial population.

(3) The GoC may provide advance payments to provincial and territorial governments as funds are expended under the provincial/territorial DRP.

**Ministry of Municipal Affairs
Trust and Other Funds Under Administration**

**For the Year Ended March 31, 2022
(Unaudited)
(in thousands)**

The ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. As the ministry has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial information.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2021 and December 31, 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Special Areas Trust Account	\$ 334,998	\$ 324,691
Improvement Districts' Trust Account	20,761	25,480
	<u>\$ 355,759</u>	<u>\$ 350,171</u>

Financial Statements of Other Reporting Entities

Summary of Improvement Districts (unaudited)*

For the year ended December 31, 2021

Table of Contents

Summary Statement of Revenue and Expenditures (unaudited)	140
Detailed Statement of Revenue and Expenditures (unaudited)	141

**NOTE: The unaudited financial information being presented here was derived from the December 31, 2021 financial statements of each Improvement District.*

**Improvement Districts' Trust Account
Summary Statement of Revenue
and Expenditures (unaudited)**

For the year ended December 31, 2021

	Improvement Districts							Total
	4	9	12	13	24	25	349**	
					(Wood Buffalo)	(Willmore Wilderness)		
	(Waterton)	(Banff)	(Jasper)	(Elk Island)				
Assets	\$ 793,369	\$ 16,330,852	\$ 1,288,644	\$ 1,241,622	\$ 958,966	\$ 566,733	\$ 6,371,197	\$ 8,836,875
Liabilities	346,854	4,319,375	642,420	950,981	909,576	566,733	2,094,453	5,796,960
Net assets	\$ 446,515	\$ 12,011,477	\$ 646,224	\$ 290,641	\$ 49,390	\$ -	\$ 4,276,744	\$ 3,039,915
Revenues	\$ 1,142,961	\$ 3,506,644	\$ 585,353	\$ 661,621	\$ 566,345	\$ 258,715	\$ 2,236,980	\$ 205,386
Expenditures	1,137,443	2,683,726	526,334	660,844	563,740	258,715	2,543,847	5,507,964
Excess / (Deficiency) of revenue over expenditure	\$ 5,518	\$ 822,918	\$ 59,019	\$ 777	\$ 2,605	\$ -	\$ (306,867)	\$ (4,718,608)

** Effective May 1, 2021 Improvement District No. 349 was annexed by the Municipal District of Bonnyville in accordance with Part 4, Division 6 of the Municipal Government Act and done via Order in Council 2021/121.

**Improvement Districts' Trust Account
Summary Statement of Revenue
and Expenditures (unaudited)**

For the year ended December 31, 2021

	Improvement Districts						Total
	4	9	12	13	24	25	
	(Waterton)	(Banff)	(Jasper)	(Elk Island)	(Wood Buffalo)	(Willmore Wilderness)	Kananaskis
REVENUES							
General Municipal:							
Taxation							
Real property	\$ 934,609	\$ 4,423,061	\$ 73,129	\$ 4,010	\$ 12,404	\$ -	\$ 1,379,911
Federal grants	290,985	1,145,834	39,073	28,488	23,956	-	11,260
Provincial grants	-	-	-	-	-	-	82,202
Power and pipeline	6,614	251,778	141,504	4,437	5,814	-	412,376
	1,232,208	5,820,673	253,706	36,935	42,174	-	1,885,749
Less payment of requisitions to:							
Alberta School Foundation Fund	583,562	3,404,252	205,578	24,123	10,275	-	568,504
Seniors Foundation	-	184,579	9,923	-	-	-	39,230
Designated Industrial Property	-	2,902	2,535	-	-	-	5,696
	583,562	3,591,733	218,036	24,123	10,275	-	613,430
General municipal taxes	648,646	2,228,940	35,670	12,812	31,899	-	1,272,319
Government transfers	475,890	1,163,474	448,184	647,168	533,979	258,715	204,713
Penalties and costs	17,220	10,282	15	987	325	-	74,384
Interest	1,102	14,128	1,190	639	142	-	5,489
Utility Services	-	-	-	-	-	-	452,808
Other	103	89,820	100,294	15	-	-	227,267
	1,142,961	3,506,644	585,353	661,621	566,345	258,715	2,236,980
							205,386
							9,164,005
EXPENDITURES							
General Municipal:							
Administrative services	77,360	265,341	23,821	4,821	4,396	-	559,532
Protective services	19,140	866,575	28,869	325	13,865	-	1,154,581
Transportation services	-	-	-	-	-	-	88,929
Assessment fees	21,875	30,000	11,515	8,530	11,500	-	7,020
Grants	-	-	462,129	647,168	533,979	258,715	-
Recreation and cultural services	992,804	1,233,606	-	-	-	-	-
Utilities	-	27,022	-	-	-	-	175,980
Honorarium	19,600	56,117	-	-	-	-	-
Garbage collection and disposal	-	-	-	-	-	-	349,976
Bad debt	-	-	-	-	-	-	-
Amortization	-	164,689	-	-	-	-	168,681
Loss on disposal of capital assets	-	-	-	-	-	-	1,076
Other expenditures	6,664	40,376	-	-	-	-	45,092
	1,137,443	2,683,726	526,334	660,844	563,740	258,715	2,543,847
							5,507,964
							13,882,613
Excess / (Deficiency) of revenue over expenditure	\$ 5,518	\$ 822,918	\$ 59,019	\$ 777	\$ 2,605	\$ -	\$ (306,867)
							\$ (4,718,608)

** Effective May 1, 2021 Improvement District No. 349 was annexed by the Municipal District of Bonnyville in accordance with Part 4, Division 6 of the Municipal Government Act and done via Order in Council 2021/121.

**Special Areas Trust Account
Financial Statements (audited)**

For the year ended December 31, 2021

Table of Contents

Letter from Management.....	143
Independent Auditor’s Report.....	144
Statement of Financial Position.....	146
Statement of Operations.....	148
Statement of Change in Net Financial Assets	149
Statement of Cash Flows	150
Notes to the Financial Statements	151
Schedule of Investments.....	170
Schedule of Salaries and Benefits	171
Supplementary Net Financial Asset Information Schedule	172
Supplementary Accumulated Surplus Information Schedule	173
Schedule of Segment Revenue and Expense Disclosure by Object.....	174
Schedule of Tangible Capital Assets	175



Special Areas Board

ALBERTA MUNICIPAL AFFAIRS

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of Management. Management is responsible for the preparation and presentation of the accompanying financial statements including responsibility for significant accounting judgments and estimates. These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management has developed and maintains the necessary accounting systems and related internal control systems to provide reasonable assurance, that transactions are authorized, assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Special Areas Board is composed of three elected Councilors who are neither management nor employees of the Board, plus one Chair who is an employee of the Government of Alberta, Alberta Municipal Affairs, and is also a member of the management team for the Special Areas Trust Account. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

The Office of the Auditor General of Alberta audits the financial statements and their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Special Areas Board and Special Areas Trust Account management to discuss their audit findings.

[Original signed by]
Chair, Special Areas Board

[Original signed by]
Director of Finance and Administration



Independent Auditor's Report

To the Minister of Municipal Affairs and the Chair of the Special Areas Board

Report on the Financial Statements

Opinion

I have audited the financial statements of the Special Areas Trust Account (the Trust), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2021, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The financial statements of the Trust are included in the *Annual Report of the Ministry of Municipal Affairs* that is prepared by the Ministry of Municipal Affairs. The other information comprises the information included in the *Annual Report of the Ministry of Municipal Affairs* relating to the Trust, but does not include the financial statements of the Trust and my auditor's report thereon. The *Annual Report of the Ministry of Municipal Affairs* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 10, 2022
Edmonton, Alberta

1

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 59,920,411	\$ 49,279,018
Accounts receivable (Note 4)	2,009,600	2,319,925
Notes receivable (Note 5)	3,298,906	4,036,356
Due from Province of Alberta (Note 6)	1,451,290	2,506,610
Due from Government of Canada (Note 7)	957,194	-
Taxes receivable (Note 8)	539,644	509,993
	<u>68,177,045</u>	<u>58,651,902</u>
Investments (Schedule 1)	32,988,019	32,136,839
Total Financial Assets	<u>101,165,064</u>	<u>90,788,741</u>
Liabilities		
Accounts payable and accruals	4,485,761	1,982,951
Vacation accruals	1,050,834	1,091,768
Deferred revenues	240,010	870,217
Deferred government grant revenue (Note 9)	6,640,304	2,715,728
Due to Province of Alberta (Note 6)	604,958	398,238
	<u>13,021,867</u>	<u>7,058,902</u>
Long-term debt (Note 10)	-	159,608
Provision for gravel pit reclamation (Note 11)	3,157,000	3,117,000
Total Liabilities	<u>16,178,867</u>	<u>10,335,510</u>
Net Financial Assets (Schedule 3)	84,986,197	80,453,231
Non-financial assets		
Prepaid expenses	215,201	220,783
Tangible capital assets (Schedule 6)	241,475,311	236,918,189
Inventory (Note 12)	8,321,778	7,098,404
Total Non-Financial Assets	<u>250,012,290</u>	<u>244,237,376</u>
Accumulated Surplus (Note 13)	<u>\$ 334,998,487</u>	<u>\$ 324,690,607</u>

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		2020
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u>
Revenues			
Net taxes for municipal purposes (Note 15)	27,872,000	29,982,207	27,678,268
Lease revenue (Note 16)	9,249,680	9,013,937	8,190,064
Government transfers for operating (Note 17)	6,400,487	6,900,304	4,930,964
Government transfers for capital (Note 17)	1,810,000	1,809,508	1,695,022
Interest	879,762	872,096	1,101,304
Contributed asset (Note 18)	-	229,600	97,133
Tax recovery land sales	18,000	4,733	6,179
(Loss) gain on sale of tangible capital assets	-	-	(231,312)
Restructuring transaction (Note 19)	-	3,693,557	-
Other revenue (Note 20)	2,158,634	2,350,641	2,505,250
Total revenues	<u>48,388,563</u>	<u>54,856,583</u>	<u>45,972,872</u>
Expenses			
Transportation services	21,444,966	20,094,177	13,817,811
Administrative services	5,055,432	4,890,923	4,487,618
Water and sanitation services	3,222,527	3,998,254	2,852,851
Agriculture and community development	2,568,546	2,657,811	2,205,457
Recreational and cultural services	2,225,810	2,011,943	1,645,701
Protective services	1,884,069	2,095,386	1,407,399
Industrial tax transfers	825,000	825,000	580,000
Amortization	7,872,293	7,975,209	8,031,356
Total expenses (Note 21)	<u>45,098,643</u>	<u>44,548,703</u>	<u>35,028,193</u>
Excess of revenues over expenses	\$ 3,289,920	\$ 10,307,880	\$ 10,944,679
Accumulated surplus at beginning of year	<u>324,690,607</u>	<u>324,690,607</u>	<u>313,745,928</u>
Accumulated surplus at end of year	\$ <u>327,980,527</u>	\$ <u>334,998,487</u>	\$ <u>324,690,607</u>

The accompanying notes and schedules are part of these financial statements.

3

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		2020
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of revenue over expenses	\$ 3,289,920	\$ 10,307,880	\$ 10,944,679
Acquisition of tangible capital assets	(6,807,950)	(3,637,236)	(4,905,071)
Construction of roads and road surfaces	(4,896,000)	(5,166,856)	(6,300,565)
Loss (gain) on sale of tangible capital assets	-	-	231,312
Proceeds on disposal of tangible capital assets	378,500	-	1,854,303
Amortization of tangible capital assets	7,872,293	7,975,209	8,031,356
Change in prepaid assets	-	5,582	76,298
Change in inventory	-	(1,223,374)	(381,191)
Increase (decrease) in net financial assets	(163,237)	4,532,966	9,551,121
Net financial assets, beginning of year	80,453,231	80,453,231	70,902,110
Net financial assets, end of year	\$ <u>80,289,994</u>	\$ <u>84,986,197</u>	\$ <u>80,453,231</u>

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Operating activities:		
Excess of revenues over expenses	\$ 10,307,880	\$ 10,944,679
Amortization of investment premiums, less discounts	236,085	215,566
(Gain) on sale of investments	(96,527)	(93,858)
Amortization of tangible capital assets	7,975,209	8,031,356
Transfers to tangible capital assets from restructuring	(3,728,239)	-
Amortization relating to self-constructed assets	(1,647,233)	(1,669,320)
Contributed assets	(229,600)	(97,133)
Loss on sale of tangible capital assets	-	231,312
Increase (decrease) in provision for gravel pit reclamation	40,000	(179,000)
	<u>12,857,575</u>	<u>17,383,602</u>
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	315,907	434,830
Due from Province of Alberta	1,055,320	(903,533)
Due from Government of Canada	(957,194)	-
Taxes receivable	(29,651)	1,270,767
Accounts payable and accruals	2,461,876	(663,649)
Deferred revenues	(630,207)	444,454
Deferred government grant revenue	3,924,576	2,284,030
Due to Province of Alberta	206,720	(74,318)
Inventory	(1,223,374)	(381,191)
	<u>5,123,973</u>	<u>2,411,390</u>
Cash provided by operating activities	<u>17,981,548</u>	<u>19,794,992</u>
Capital activities:		
Proceeds of sale of tangible capital assets	-	1,854,303
Purchase of tangible capital assets	(6,927,259)	(9,439,183)
Cash applied to capital activities	<u>(6,927,259)</u>	<u>(7,584,880)</u>
Investing activities:		
Net change in notes receivable	737,450	353,658
Proceeds from redemption of investments	9,011,007	9,555,083
Purchase of investments	(10,001,745)	(10,849,370)
Cash (applied to) provided by investing activities	<u>(253,288)</u>	<u>(940,629)</u>
Financing activities:		
Long term debt repaid	(159,608)	(605,356)
Cash applied to financing activities	<u>(159,608)</u>	<u>(605,356)</u>
Increase in cash and cash equivalents	<u>10,641,393</u>	<u>10,664,127</u>
Cash and cash equivalents at the beginning of year	49,279,018	38,614,891
Cash and cash equivalents at the end of year	<u>\$ 59,920,411</u>	<u>\$ 49,279,018</u>

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act*, Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board ("the Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements are the representations of management, and have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

(c) Revenue Recognition

Taxation revenues are recognized when the tax has been authorized by board motion and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

Revenue resulting from mineral surface leases are first recognized on the initial agreement date and then on the anniversary date each year thereafter. All other leases are recognized as earned on an annual basis (e.g. cultivation and grazing) and are due and payable at the beginning of the year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 (d) Land

(cont'd) Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the Statement of Financial Position. Approximately 0.928 million acres of tax recovery land remains unsold as at December 31, 2021 (2020 - 0.928 million acres).

Crown land transferred to the Province of Alberta from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Board, is not valued for financial statement purposes. This consists of approximately 1.569 million acres (2020 - 1.568 million acres).

Road infrastructure land right of ways, located within the Special Areas and administered by the Board, were transferred to the Province of Alberta from the Government of Canada for no monetary consideration. The Board has also acquired additional right of way for road widening purposes for insignificant amounts. As at December 31, 2021, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2020 - 0.012 million acres) and are not recorded in the Statement of Financial Position.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the allowance for doubtful taxes and accounts receivable, gravel inventory, gravel pit reclamation, and both current and prior years tangible capital asset historical costs and related amortization. A significant component of these tangible capital asset costs are self constructed and their cost is measured by the use of equipment rates which are approximations of actual costs incurred. Actual results could differ from management's best estimates as additional information becomes available.

(f) Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring. All sites that are under the control and ownership of The Board and are at a higher risk of contamination, are compliant with guidelines set out by the Alberta Safety Codes Authority.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 (g) Financial Instruments

(cont'd) Cash and cash equivalents, accounts receivable, notes receivable, taxes receivable, amounts due to/from Province of Alberta, amounts due from Government of Canada, vacation accruals and accounts payable are measured at cost.

All non-current receivables and long-term debt are a result of binding contractual agreements. The carrying value of these non-current accounts are measured at amortized cost.

The fair value of investments are disclosed on Schedule 1.

(h) Requisition over/under levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(i) Investments

Investments are valued at amortized cost adjusted for the applicable amortization of discount or premium using the effective interest method over the period to maturity. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. A write down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

(j) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

(k) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met, and reasonable estimates of the amounts can be determined.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 (l) Non-financial Assets

(cont'd) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following year.

Inventory

Inventory is valued at the lower of cost or net replacement value. Costs for all inventory is determined by using the first-in-first-out method with the exception of parts inventory, which is valued by using the average costing method.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Tangible Capital Assets

Tangible capital assets consist of engineering structures, roads, buildings, vehicles, equipment, land, water/wastewater utilities and dams.

For the purposes of the Board, tangible capital assets having a useful life greater than one year are shown at net book value. Recognition thresholds for these assets are \$10,000 for engineered structures or third party software development and \$2,500 for all other categories. Purchased land and all other off the shelf electronic data processing equipment are all capitalized.

The Board in its provision of transportation services, undertakes using its own forces, a significant amount of construction activity consisting of road building and road resurfacing. These activities are considered to be capital in nature as they result in the construction of tangible capital assets. Thus the expenditures made for direct manpower, materials and indirect equipment costs relating to these activities are removed from operational expenditures to reflect the capital component of the assets being self-constructed. An hourly equipment rate is used to estimate the actual indirect equipment cost, including amortization, and is the basis for allocating these costs to the road construction projects. Annually, the total estimated equipment costs included in the road construction projects is compared to actual equipment costs incurred.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 (l) Non-financial Assets

(cont'd) Tangible capital assets are recorded at cost, net of asset disposals, write-downs and amortization.

The cost of tangible capital assets shown on the statement of financial position is amortized to estimated salvage value in a manner that reflects the consumption of their future economic benefits at the following rates (rates and values expressed as a percentage of original cost):

	<u>Annual Amortization</u>			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Engineered structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equip.	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	0.00
- Software	25.00	25.00	25.00	0.00
Road infrastructure	0.25 to 10.00	0.25 to 10.00	0.25 to 10.00	30.00 to 90.00

Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure buildings and engineered structure assets.

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Note 3 Cash and Cash Equivalents

Cash and cash equivalents include deposits of \$59,109,592 (2020 - \$47,969,777) in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high-quality, short-term securities with a maximum term to maturity of three years. As at December 31, 2021, the Board's portfolio of securities held by the Fund have a time weighted return of 0.18% per annum (2020 - 0.92%) per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Included in cash and cash equivalents are restricted amounts of \$1,800,405 (2020 - \$665,728) that are held exclusively for approved projects (Note 9).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$361,514 (2020 - \$184,895), are comprised of the following:

	<u>2021</u>	<u>2020</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 221,264	\$ 262,271
Accrued interest	<u>15,353</u>	<u>21,344</u>
	236,617	283,615
Leases	558,563	484,722
Parks permit receivable	253,858	253,858
Oil well drilling	1,641	64,414
Accrued interest on investments	105,523	119,305
Local improvement recoveries	41,651	70,078
Sheerness deadfish irrigation	74,937	7,312
Miscellaneous	<u>202,277</u>	<u>182,513</u>
	<u>\$ 1,475,067</u>	<u>\$ 1,465,817</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 534,533	\$ 809,347
Local improvement recoveries	-	42,849
Other	<u>-</u>	<u>1,912</u>
	<u>\$ 534,533</u>	<u>\$ 854,108</u>
	<u>\$ 2,009,600</u>	<u>\$ 2,319,925</u>

Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 6% per annum is applied to tax recovery land sales that commenced in 2004. Sales revenue is recognized when the agreement is signed and first payment is received. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2021</u>	<u>2020</u>
Current:		
Acadia Foundation	\$ -	\$ 169,555
Acadia Foundation - accrued interest	-	470
	<u>-</u>	<u>170,025</u>
Special Areas & Oyen Development Corporation	79,841	77,888
Association of Consort & District Seniors Centre	12,008	11,702
Big Country Waste Management Commission	147,119	216,578
Village of Cereal	-	150,000
Other	22,534	24,128
	<u>\$ 261,502</u>	<u>\$ 650,321</u>
Non-current:		
Special Areas & Oyen Development Corporation	\$ 2,352,100	\$ 2,442,989
Association of Consort & District Seniors Centre	360,629	372,637
Big Country Waste Management Commission	-	221,199
Neutral Hills Child Care Society	250,000	250,000
Other	74,675	99,210
	<u>\$ 3,037,404</u>	<u>\$ 3,386,035</u>
	<u>\$ 3,298,906</u>	<u>\$ 4,036,356</u>

The Acadia Foundation loan is a result of the Board entering into a memorandum of understanding with the other municipal members of the Acadia Foundation to borrow on behalf of the Acadia Foundation from the Province of Alberta. These funds were advanced to the Acadia Foundation for the construction and renovation of the seniors lodges in Oyen, Consort and Hanna. Repayment is based on the issuance of unsecured interest bearing promissory notes of either 10 or 25 year terms with respective interest rates ranging from 3.14% to 3.514% (2020 - 3.14% to 3.514%). The final semi-annual payment totaling \$172,217 was made in June (payments in 2020 were \$598,838). Interest revenue recognized as a result of this loan in 2021 was \$2,191 (2020 - \$16,995).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 5 Notes Receivable

(cont'd) The Special Areas & Oyen Development Corp. is a part 9 company that is jointly owned by the Special Areas Board and the Town of Oyen. The amount owed is a result of advancing funds to re-purpose and upgrade the industrial railyard in Oyen. Repayment is based on the issuance of (2) unsecured interest bearing notes of a 25 year term at 2.5430% and 2.2261% interest.

The Big Country Waste Management Commission note is a result of the Board entering into a memorandum of understanding to advance funds to complete a new landfill cell construction at Youngstown. Repayment is based on the issuance of an unsecured interest bearing note of a 5 year term at 2.1347% interest.

The Neutral Hills Child Care Society note is a result of the Board entering into a memorandum of understanding to advance funds to complete a new daycare building in Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 15 year term at 3.00% interest.

The amount owed by the Association of Consort & District Seniors Centre is a result of the Board entering into a memorandum of understanding to advance funds to complete a new community centre at Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 25 year term at 2.6220% interest.

The amount owed by the Village of Cereal is a result of the Board entering into a memorandum of understanding to advance funds to facilitate the dissolution of the Village. Repayment is based on the issuance of an unsecured note bearing interest at 0.8256%. During the year, the village of Cereal was dissolved and amalgamated with the Special Areas as a Hamlet.

Principal repayments are estimated as follows:

2022	261,502
2023	136,661
2024	139,993
2025	121,422
2026	124,572
Thereafter	<u>2,514,756</u>
	<u>\$ 3,298,906</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 6 Due from (to) Province of Alberta

The net amount due from (to) the Province of Alberta is comprised of the following:

	<u>2021</u>	<u>2020</u>
Due from Province of Alberta:		
Municipal Affairs	\$ 1,169,275	\$ 1,010,208
Agriculture	217,295	-
Transportation	49,445	50,209
Environment and Parks	15,275	36,537
Service Alberta	-	1,409,656
	<u>1,451,290</u>	<u>2,506,610</u>
Due to Province of Alberta:		
Environment and Parks	(337,054)	(341,695)
Other	(267,904)	(56,543)
	<u>(604,958)</u>	<u>(398,238)</u>
Due from Province of Alberta, net	<u>\$ 846,332</u>	<u>\$ 2,108,372</u>

Note 7 Due from Government of Canada

	<u>2021</u>	<u>2020</u>
Federal Gas Tax Funding	\$ 739,899	\$ -
Canada Infrastructure Bank	217,295	-
	<u>\$ 957,194</u>	<u>\$ -</u>

Note 8 Taxes Receivable

	<u>2021</u>	<u>2020</u>
Current taxes	\$ 1,416,987	\$ 3,369,772
Less bad debt write-offs:	(984,402)	(3,053,823)
	432,585	315,949
(Over)/Under levy	-	137,316
Tax arrears	107,059	56,728
	<u>\$ 539,644</u>	<u>\$ 509,993</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 9 Deferred Government Grant Revenue

	2021	2020
Transportation	\$ 4,100,000	\$ 2,050,000
Municipal Affairs	2,445,260	496,621
FCSS/Mental Health	56,077	-
Tourism	38,967	-
Agriculture and Forestry	-	169,107
	\$ 6,640,304	\$ 2,715,728

Note 10 Long-Term Debt

	2021	2020
Province of Alberta loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021	-	159,608
	-	159,608
Less: current portion	-	159,608
	\$ -	\$ -

Interest on long-term debt for 2021 amounted to \$2,286 (2020 - \$16,650).

The total cash payments for interest in 2021 were \$2,506 (2020 - \$17,532).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 11 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act*.

The estimated liability is based on the total cubic meters of exposed gravel pits multiplied by the price per cubic meter to reclaim the sites.

In 2021 it was estimated that 878,345 cubic meters (2020 - 846,988 cubic meters) of gravel pits were exposed for a total liability of \$3,157,000 (2020 - \$3,117,000).

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 12 Inventory

	2021			2020
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 1,766,829	\$ 210,324	\$ 1,556,505	\$ 1,397,479
Gravel	6,024,051	-	6,024,051	5,037,443
Culverts	248,773	-	248,773	211,793
Fuel	281,108	-	281,108	238,000
Fencing	87,735	-	87,735	76,891
Chemicals and other	123,606	-	123,606	136,798
Inventory	\$ 8,532,102	\$ 210,324	\$ 8,321,778	\$ 7,098,404

Note 13 Accumulated Surplus

Accumulated Surplus consists of equity in tangible capital assets, equity in inventory, unrestricted amounts and internally restricted as follows:

	2021	2020
Equity in tangible capital assets	\$ 241,475,311	\$ 236,918,189
Equity in inventory	8,321,778	7,098,404
Unrestricted operational surplus	30,186,414	25,664,371
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	55,014,984	55,009,643
Total Accumulated Surplus (Schedule 4)	\$334,998,487	\$324,690,607

The internally restricted accumulated surplus are funds that are available to meet cash flow needs but may not be used for expenditures without authorization by the Minister of Municipal Affairs.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 14 Budget

The 2021 municipal budget was adopted by the Board in December 2020 and approved by the Minister of Municipal Affairs in May 2021. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	<u>2021</u>		<u>2020</u>
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 3,289,920	\$ 10,307,880	\$ 10,944,679
Acquisition of tangible capital assets	(6,807,950)	(3,637,236)	(4,905,071)
Construction of road and road surfaces	(4,896,000)	(5,166,856)	(6,300,565)
Loss (gain) on sale of tangible capital assets	-	-	231,312
Proceeds on disposal of tangible capital assets	378,500	-	1,854,303
Amortization of tangible capital assets	7,872,293	7,975,209	8,031,356
	<u>(163,237)</u>	<u>9,478,997</u>	<u>9,856,014</u>
Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4)	-	(5,341)	(4,731)
	<u>-</u>	<u>(5,341)</u>	<u>(4,731)</u>
Surplus (deficit), as per budget	<u>\$ (163,237)</u>	<u>\$ 9,473,656</u>	<u>\$ 9,851,283</u>

Note 15 Taxation

	<u>2021</u>		<u>2020</u>
	Budgeted	Actual	Actual
Power and pipeline	\$ 31,338,000	\$ 31,867,300	\$ 33,028,079
Real property	11,215,000	11,421,016	11,091,408
Grazing and cultivation	704,000	708,695	703,760
Penalties and costs on taxes	200,000	81,031	94,515
	<u>43,457,000</u>	<u>44,078,042</u>	<u>44,917,762</u>
Less amounts expended by transfers:			
Alberta School Foundation Fund	11,703,000	11,260,631	12,060,051
Seniors Foundation	1,638,000	1,642,887	1,881,166
Bad Debt	2,000,000	984,402	3,053,823
Designated Industrial Properties	244,000	207,915	244,454
	<u>\$ 15,585,000</u>	<u>\$ 14,095,835</u>	<u>\$ 17,239,494</u>
Net taxes for municipal purposes	<u>\$ 27,872,000</u>	<u>\$ 29,982,207</u>	<u>\$ 27,678,268</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 16 Lease Revenue

	2021		2020
	Budgeted	Actual	Actual
Mineral surface leases	\$ 3,150,000	\$ 3,069,950	\$ 2,376,512
Equipment rentals	2,068,000	2,099,800	2,056,354
Grazing leases	2,099,000	1,959,395	1,973,050
Community pastures	942,400	916,148	832,180
Cultivation leases	437,000	454,470	420,510
Miscellaneous leases	125,000	124,310	124,414
Rights of entry	95,000	90,975	93,094
Easements	120,000	35,011	114,305
Other	213,280	263,878	199,645
	<u>\$ 9,249,680</u>	<u>\$ 9,013,937</u>	<u>\$ 8,190,064</u>

Note 17 Government Transfers

	2021		2020
	Budgeted	Actual	Actual
Transfers for operating:			
Municipal Affairs	\$ 1,940,000	\$ 3,263,427	\$ 2,436,242
Transportation	1,551,720	1,563,420	1,551,720
Agriculture and Forestry	658,814	1,074,057	347,814
Infrastructure	720,500	541,479	118,892
Human Services	176,931	202,493	176,932
Government of Canada	1,327,522	192,295	264,332
Environment	-	56,033	25,932
Culture and Tourism	25,000	7,100	9,100
	<u>\$ 6,400,487</u>	<u>\$ 6,900,304</u>	<u>\$ 4,930,964</u>
Transfers for capital:			
Municipal Affairs	<u>\$ 1,810,000</u>	<u>\$ 1,809,508</u>	<u>\$ 1,695,022</u>

Note 18 Contributed Asset

In 2021, the Board received an estimated 33,951 cubic metres of gravel from Alberta Transportation. This gravel is valued at \$229,600 or \$6.05/m³.

In 2020, the Board received an estimated 54,321 cubic metres of asphalt millings from Alberta Transportation. These millings are valued at \$97,133 or \$1.79/m³.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 19 Restructuring transaction

On January 1, 2021, the Board completed a restructuring transaction with the Village of Cereal. The restructuring transaction was completed as a result of a Province of Alberta Order in Council dissolving the Village of Cereal and the former area of the village becoming part of Special Areas.

Under the restructuring transaction, the Board received all liabilities, and all assets, rights, duties, functions and obligations of the Village.

The following table summarizes the carrying amounts of the assets and liabilities received by the Board, in aggregate, as a result of the restructuring transaction.

	<u>2021</u>
Assets received	
Cash and cash equivalents	\$ 105,404
Accounts receivable	29,309
Due from the Province of Alberta	742,814
Due from the Government of Canada	300,000
Taxes receivable	17,343
Investments	1,285
Prepaid expenses	13,333
Tangible capital assets	<u>3,728,239</u>
Total assets	<u>4,937,727</u>
Liabilities received	
Accounts payable and accruals	(74,274)
Due to the Province of Alberta	(7,089)
Deferred revenue	(1,025,737)
Long-term debt	<u>(137,070)</u>
Total liabilities	<u>(1,244,170)</u>
Net assets received	3,693,557
Restructuring grant	<u>822,000</u>
Net effect of restructuring	<u>\$ 4,515,557</u>

The net effect of the restructuring transaction is included in the statement of operations as \$3,693,557 in contributed assets and \$278,829 in Government transfers for operating plus \$543,171 as deferred revenue on the statement of financial position.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 20 Other Revenue

	2021		2020
	Budgeted	Actual	Actual
Park permits and concession revenues	\$ 729,999	\$ 693,936	\$ 641,737
Water sales	310,000	438,208	288,835
License, assignment and application fees	272,000	317,579	162,067
Cost recoveries	195,135	125,372	109,286
Chemical Sales	80,000	120,788	88,418
Fire cost recoveries	100,000	111,362	97,790
Gravel sales	120,000	71,302	37,429
Bylaw enforcement cost recoveries	70,000	68,104	68,546
Oil well drilling tax revenue	-	55,369	717,146
Cultivation conversion	32,000	34,674	98,218
Other	249,500	313,947	195,778
	<u>\$ 2,158,634</u>	<u>\$ 2,350,641</u>	<u>\$ 2,505,250</u>

Note 21 Total Expenses

Total expenses for the year is analyzed by object as follows:

	2021		2020
	Budgeted	Actual	Actual
Manpower (Schedule 2)	\$ 17,574,670	\$ 17,359,342	\$ 15,630,254
Materials, goods, and utilities	13,241,546	13,075,803	9,179,838
Amortization of tangible capital assets	7,872,293	7,975,209	8,031,356
Contract and general services	7,727,546	8,106,092	6,186,595
Grants	2,195,082	1,861,728	1,335,974
Industrial tax transfers	825,000	825,000	580,000
Interest on long-term debt	2,506	2,286	16,650
Goods and services from Alberta Government departments			
Alberta Treasury Board & Finance	326,000	322,808	308,458
Alberta Transportation	10,000	1	-
Alberta Municipal Affairs	20,000	13,173	12,545
Provision for doubtful accounts	200,000	174,117	47,088
Less:			
Internal road projects capitalized in the year	(4,896,000)	(5,166,856)	(6,300,565)
	<u>\$ 45,098,643</u>	<u>\$ 44,548,703</u>	<u>\$ 35,028,193</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 21 Total Expenses

(cont'd) Included in manpower, materials, goods and utilities and contract and general services, are \$3,427,343 of expenses (2020 - \$1,649,597), that were incurred in the normal course of road construction and road surfacing work performed on secondary highways that are the property of the Department of Transportation.

Note 22 Debt Limits

Section 276(2) of *the Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Board be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 73,685,877	\$ 66,763,743
Total debt	<u>-</u>	<u>159,608</u>
Amount of debt limit unused	<u>\$ 73,685,877</u>	<u>\$ 66,604,135</u>
Debt servicing limit	\$ 12,280,980	\$ 11,127,291
Debt servicing	<u>-</u>	<u>162,114</u>
Amount of debt servicing limit unused	<u>\$ 12,280,980</u>	<u>\$ 10,965,177</u>

The debt limit is calculated at 1.5 times revenue of the Board (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitation requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Board. Rather, the financial statements must be interpreted as a whole.

Note 23 Related Party Transactions

Expenditures for goods and services are conducted in the normal course of operations with the Province of Alberta and are charged to the Board as disclosed in Note 21.

Grants provided by the Province of Alberta are disclosed in Note 17 and the amounts outstanding at the end of the year are disclosed in Note 6.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 24 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2021 to the PSPP were \$800,525 (2020 - \$858,470) and to the MEPP were \$134,743 (2020 - \$139,900).

At December 31, 2020, the PSPP reported a surplus of \$2,223,582,000 (2019 surplus - \$2,759,320,000) and the MEPP reported a surplus of \$809,850,000 (2019 surplus - \$1,008,135,000).

The Board is not responsible for future funding of any plan deficit other than through contribution increases.

Note 25 Future Accounting Changes

PS 3280 Asset Retirement Obligations (effective April 1, 2022)

This standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

PS 3400 Revenue (effective April 1, 2023)

This standard provides guidance on how to account for and report on revenue, and specifically, addresses revenue arising from exchange transactions and unilateral transactions.

PS 3450 Financial Instruments (effective April 1, 2022)

Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of the financial instruments; standards on how to account for and report transactions that are denominated in foreign currency; general reporting principles and standards for the disclosure of information in the financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 26 Impact of COVID-19 Pandemic

The COVID-19 pandemic is complex and rapidly evolving. It has caused material disruption to businesses and has resulted in an economic slowdown. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential future impact on the Board's financial position and operations.

Note 27 Comparative Figures

Certain 2020 figures have been reclassified to conform to 2021 presentation.

Note 28 Approval of Financial Statements

These financial statements have been approved by the Board.

SPECIAL AREAS TRUST ACCOUNT									
SCHEDULE OF INVESTMENTS									
AS AT DECEMBER 31, 2021									
Schedule 1									
2021									
2020									
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value	Book Value	Book Value
Bonds:									
Bank of Montreal	2.890%	2.890%	June 20, 2023	\$ 800,000	\$ 819,723	\$ 800,020	\$ 800,017	\$ 800,017	\$ 800,017
Canada Housing Trust	3.800%	1.371%	June 15, 2021	-	-	-	-	1,010,325	1,010,325
Canada Housing Trust	2.650%	1.386%	March 15, 2022	-	-	-	-	2,295,625	2,295,625
Canada Housing Trust	1.750%	2.314%	June 15, 2022	763,000	767,887	764,762	764,762	1,559,808	1,559,808
Canada Housing Trust	2.400%	2.373%	December 15, 2022	942,000	956,796	942,911	942,911	2,787,478	2,787,478
Canada Housing Trust	2.350%	0.510%	June 15, 2023	2,370,000	2,417,538	2,434,926	2,434,926	1,170,188	1,170,188
Canada Housing Trust	2.350%	2.731%	September 15, 2023	1,210,000	12,236,442	1,213,970	1,213,970	1,216,286	1,216,286
Canada Housing Trust	3.150%	2.561%	September 15, 2023	1,010,000	1,045,516	1,020,130	1,020,130	1,025,939	1,025,939
Canada Housing Trust	2.550%	2.406%	December 15, 2023	1,505,000	1,546,370	1,511,763	1,511,763	1,515,122	1,515,122
Canada Housing Trust	2.900%	1.495%	June 15, 2024	3,283,000	3,414,786	3,393,253	3,393,253	3,436,657	3,436,657
Canada Housing Trust	1.800%	1.400%	December 15, 2024	1,350,000	1,368,792	1,365,533	1,365,533	1,370,662	1,370,662
Canada Housing Trust	1.250%	1.078%	December 15, 2026	1,820,000	1,800,552	1,834,415	1,834,415	-	-
Canada Housing Trust	2.550%	0.903%	March 15, 2025	2,530,000	2,624,159	2,670,990	2,670,990	2,714,382	2,714,382
Canada Housing Trust	0.950%	0.700%	June 15, 2025	1,509,000	1,487,397	1,523,741	1,523,741	1,527,952	1,527,952
Canada Housing Trust	1.900%	1.627%	September 15, 2026	1,597,000	1,624,444	1,616,575	1,616,575	-	-
Canada Housing Trust	1.950%	1.163%	December 15, 2025	1,580,000	1,610,881	1,631,173	1,631,173	-	-
Canadian Imperial Bank of Commerce	2.900%	2.901%	September 14, 2021	-	-	-	-	499,968	499,968
Canadian Imperial Bank of Commerce	1.100%	1.561%	January 19, 2026	710,000	686,819	697,189	697,189	-	-
Government of Canada	1.250%	0.396%	March 1, 2025	500,000	501,787	513,382	513,382	517,585	517,585
Province of Manitoba	2.550%	2.567%	June 2, 2023	2,000,000	2,043,437	1,999,580	1,999,580	1,999,269	1,999,269
Province of Ontario	3.150%	2.573%	June 2, 2022	155,000	156,787	155,403	155,403	736,310	736,310
Province of Ontario	2.850%	2.230%	June 2, 2023	515,000	528,376	519,428	519,428	522,466	522,466
Province of Ontario	2.600%	0.661%	June 2, 2025	360,000	373,772	383,534	383,534	-	-
Province of Ontario	1.750%	0.765%	September 8, 2025	1,425,000	1,439,029	1,475,835	1,475,835	1,489,432	1,489,432
Province of Ontario	2.400%	1.236%	June 2, 2026	560,000	580,169	587,928	587,928	-	-
Province of Quebec	3.090%	1.763%	September 1, 2023	1,890,000	1,951,298	1,928,068	1,928,068	1,950,525	1,950,525
Province of Quebec	3.000%	0.733%	September 1, 2025	455,000	476,396	488,084	488,084	496,983	496,983
Royal Bank of Canada	2.880%	2.880%	December 23, 2029	600,000	614,817	600,164	600,164	600,217	600,217
TD Bank	1.128%	1.404%	December 9, 2025	925,000	899,435	915,259	915,259	-	-
TD Bank	1.994%	2.586%	March 23, 2022	-	-	-	-	893,640	893,640
Special Areas & Oyen Development Corp			(1 share)	32,364,000	43,973,405	32,988,016	32,988,016	32,136,836	32,136,836
Hanna and District Medical Corporation			(2 shares)	2	2	2	2	2	2
				<u>\$ 32,364,003</u>	<u>\$ 43,973,408</u>	<u>\$ 32,988,019</u>	<u>\$ 32,988,019</u>	<u>\$ 32,136,839</u>	<u>\$ 32,136,839</u>

Notes:

- It is management's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments. The Board does not hold equities in an active market nor engage in derivative contracts or foreign currency transactions.

Schedule 2

**SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021				2020	
	Number of Individuals (a)	Salary (b) \$	Other Cash Benefits (c) \$	Other Non-cash Benefits (d) \$	Number of Individuals	Total
Chair of the Special Areas Board	1	144,284	-	26,979	1	\$ 170,932
Special Areas Board members	3	22,917	-	1,367	3	24,516
Director of Finance and Administration	1	133,318	-	27,428	1	159,473
Director of Municipal Services	1	131,967	-	26,764	1	157,779
Director of Properties Administration	1	115,965	-	26,208	1	141,253
Roads & Equipment Superintendent	1	107,153	-	23,424	1	129,877
Managers (e)	3.69	\$388,592	2,981	85,779	3.99	509,516
Other full time staff (f)	101.08	7,850,015	-	1,686,455	103.89	9,644,627
Part time and casual wage staff		5,922,414	-	622,572		4,604,854
Other Boards and committees		9,941	-	376		12,999
Advisory Councilors	13	25,683	-	15,806	13	26,349
(Decrease) in overtime accrual		1,887	-	-		(2,456)
Increase (decrease) in vacation accrual		(40,933)	-	-		50,535
		<u>\$14,813,203</u>	<u>\$ 2,981</u>	<u>\$ 2,543,158</u>		<u>\$15,630,254</u>

- (a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councilors.
- (b) Salary includes pensionable base pay and honoraria.
- (c) Other cash benefits includes lump sum payments and vacation payouts. There were no bonuses paid in 2021.
- (d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, professional membership fees, group life insurance, accidental death and dismemberment insurance, tuition and long and short-term disability plan.
- (e) Average salary is \$105,310 and average benefits (column c & d) are \$24,054 totaling \$129,364 (2020 - \$127,379).
- (f) Average salary is \$77,661 and average benefits are \$15,174 totaling \$94,346 (2020 - \$92,835).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2021

	<u>Schedule 3</u>	
	<u>2021</u>	<u>2020</u>
Change in Financial Assets		
Cash and cash equivalents	\$ 10,641,393	\$ 10,664,127
Accounts receivable	(310,325)	(358,532)
Notes receivable	(737,450)	(353,658)
Due from Province of Alberta	(1,055,320)	903,533
Due from Government of Canada	957,194	-
Taxes receivable	29,651	(1,270,767)
	<u>9,525,143</u>	<u>9,584,703</u>
Investments	851,180	1,172,579
	<u>10,376,323</u>	<u>10,757,282</u>
Increase (decrease) in Financial Assets		
Change in Liabilities		
Accounts payable and accruals	(2,502,810)	714,184
Vacation accrual	40,934	(50,535)
Deferred revenues	630,207	(444,454)
Deferred government grant revenue	(3,924,576)	(2,284,030)
Due to Province of Alberta	(206,720)	74,318
	<u>(5,962,965)</u>	<u>(1,990,517)</u>
Long-term debt	159,608	605,356
Provision for gravel pit reclamation	(40,000)	179,000
	<u>(5,843,357)</u>	<u>(1,206,161)</u>
(Increase) decrease in Liabilities		
Net increase in net financial assets	4,532,966	9,551,121
Net financial assets at the beginning of year	<u>80,453,231</u>	<u>70,902,110</u>
Net financial assets at end of year	<u>\$ 84,986,197</u>	<u>\$ 80,453,231</u>

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		Schedule 4
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	(Note 14)		
Equity in tangible capital assets at beginning of year	\$	<u>236,918,189</u>	\$ <u>235,829,524</u>
Addition of capital assets:			
Road infrastructure	4,896,000	5,166,856	6,300,565
Transportation services	2,597,750	2,204,692	4,139,592
Agriculture and community pasture services	299,200	124,139	139,915
Administrative services	341,500	275,685	90,807
Water and sanitation services	2,822,500	159,263	29,043
Recreation and cultural services	112,000	108,941	147,381
Protective services	635,000	764,516	358,333
	<u>11,703,950</u>	<u>8,804,092</u>	<u>11,205,636</u>
Annual amortization of capital assets		(7,975,209)	(8,031,356)
Disposal of capital assets		-	(2,085,615)
		<u>237,747,072</u>	<u>236,918,189</u>
Transfers from operations		3,728,239	-
Equity in tangible capital assets at end of year (Note 13)	\$	<u>241,475,311</u>	\$ <u>236,918,189</u>
Equity in inventory at beginning of year	\$	7,098,404	\$ 6,717,213
Add purchases and other inventory costs		6,683,827	4,203,964
Deduct requisitions		(5,460,453)	(3,822,773)
Equity in inventory at end of year (Note 12, 13)	\$	<u>8,321,778</u>	\$ <u>7,098,404</u>
Accumulated operational surplus at beginning of year	\$	25,664,371	\$ 16,194,279
Excess of revenues over expenses		10,307,880	10,944,679
Equity change in inventory		(1,223,374)	(381,191)
Equity change in capital assets		(4,557,122)	(1,088,665)
		<u>30,191,755</u>	<u>25,669,102</u>
Transfers to internally restricted reserves (Note 14)		(5,341)	(4,731)
Accumulated operational surplus at end of year (Note 13)	\$	<u>30,186,414</u>	\$ <u>25,664,371</u>
Internally restricted accumulated surplus at beginning of year	\$	55,009,643	\$ 55,004,912
Tax Recovery Land Sales - Transfers from operations		5,341	4,731
Internally restricted accumulated surplus at end of year (Note 13)	\$	<u>55,014,984</u>	\$ <u>55,009,643</u>
	\$	<u>334,998,487</u>	\$ <u>324,690,607</u>

Schedule 5

**SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT REVENUE AND EXPENSE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021						Total
	Administrative Services	Protective Services	Transportation Services	Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	
Revenue:							
Taxation	\$ 29,982,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,982,207
Leases	5,997,989	-	2,099,580	-	916,368	-	9,013,937
Provincial Grants	60,727	506,934	6,100,606	712,060	1,087,190	50,000	8,517,517
Interest	872,096	-	-	-	-	-	872,096
Federal Grants	(25,000)	-	-	-	217,295	-	192,295
Contributed Asset	-	-	229,600	-	-	-	229,600
Tax Recovery Land Sales	4,733	-	-	-	-	-	4,733
Restructuring Transaction	(34,682)	-	3,728,239	-	-	-	3,693,557
Other	730,419	179,466	86,052	523,980	136,788	693,936	2,350,641
Revenues per statement of operations	\$ 37,588,489	\$ 686,400	\$ 12,244,077	\$ 1,236,040	\$ 2,357,641	\$ 743,936	\$ 54,856,583
Expenses:							
Manpower (Schedule 2)	\$ 2,901,788	\$ 386,299	\$ 11,556,630	\$ 796,551	\$ 1,251,924	\$ 466,150	\$ 17,359,342
Materials, goods, and utilities	176,752	389,828	11,390,840	226,174	522,190	370,019	13,075,803
Contract and general services	1,128,024	1,319,205	2,311,062	2,725,555	432,770	189,476	8,106,092
Grants	184,008	-	2,500	249,974	438,948	986,298	1,861,728
Interest on long-term debt	2,286	-	-	-	-	-	2,286
Goods and services from GOA	323,948	54	1	-	11,979	-	335,982
Provision for doubtful accounts	174,117	-	(5,166,856)	-	-	-	174,117
Internal road projects capitalized in the year	-	-	-	-	-	-	(5,166,856)
Industrial tax transfers	825,000	-	-	-	-	-	825,000
Amortization of tangible capital assets	550,277	427,375	6,404,592	351,850	127,526	113,589	7,975,209
Expenses per statement of operations	\$ 6,266,200	\$ 2,522,761	\$ 26,498,769	\$ 4,350,104	\$ 2,785,337	\$ 2,125,532	\$ 44,548,703

Note:

- The Board provides a range of services to its ratepayers. For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in the segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 2.

Schedule 6

**SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
AS AT DECEMBER 31, 2021**

Cost	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2021	2020
								\$	\$
Balance, beginning of the year	\$44,054,029	\$33,765,957	\$23,642,352	\$6,652,899	\$1,318,520	\$234,990,768	\$4,923,467	\$349,347,992	\$343,353,532
Add:									
Additions during the year	1,816,256	886,210	431,966	229,887	-	5,166,856	272,917	8,804,092	11,205,636
Transfers from	-	5,986,339	25,000	209,245	90,588	-	19,688	6,330,860	-
Less:									
Disposals during the year	-	-	-	-	-	-	(849,088)	(849,088)	(5,211,176)
Balance, end of the year	\$45,870,285	\$40,638,506	\$24,099,318	\$7,092,031	\$1,409,108	\$240,157,624	\$4,366,984	\$363,633,856	\$349,347,992
Accumulated Amortization									
Balance, beginning of the year	\$14,643,221	\$11,445,682	\$18,167,246	\$4,128,147	\$194,533	\$59,103,804	\$4,747,170	\$112,429,803	\$107,524,008
Add:									
Amortization	2,245,611	910,530	1,048,854	347,428	-	3,207,106	215,680	7,975,209	8,024,611
Transfers from	-	2,410,852	25,000	147,081	-	-	19,688	2,602,621	-
Depletion	-	-	-	-	-	-	-	-	6,745
Less:									
Accumulated Amortization on Disposals	-	-	-	-	-	-	(849,088)	(849,088)	(3,125,561)
Balance, end of the year	\$16,888,832	\$14,767,064	\$19,241,100	\$4,622,656	\$194,533	\$62,310,910	\$4,133,450	\$122,158,545	\$112,429,803
Net book value, 2021	\$28,981,453	\$25,871,442	\$4,858,218	\$2,469,375	\$1,214,575	\$177,846,714	\$233,534	\$241,475,311	
Net book value, 2020	\$29,410,808	\$22,320,275	\$5,475,106	\$2,524,752	\$1,123,987	\$175,886,964	\$176,297	\$236,918,189	

Note:

- Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure, buildings and engineered structures assets. The ending balance includes \$794,574 in assets that were not in service at year-end (2020 - \$977,857); no related amortization was recorded.

**Safety Codes Council
Financial Statements**

Year ended December 31, 2021

Table of Contents

Independent Auditor's Report	177
Statement of Financial Position.....	181
Statement of Operations.....	182
Statement of Changes in Net Assets.....	183
Statement of Cash Flow.....	184
Notes to Financial Statements	185



KPMG LLP
2200, 10175-101 Street
Edmonton AB T5J 0H3
Canada
Tel 780-429-7300
Fax 780-429-7379

INDEPENDENT AUDITORS' REPORT

To the Members of Safety Codes Council

Opinion

We have audited the financial statements of Safety Codes Council (the "Council"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flow for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2021, its results of operations, its changes in net assets, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "*Safety Codes Council 2021 Annual Report*".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "*Safety Codes Council 2021 Annual Report*" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Original signed by KPMG]

Chartered Professional Accountants

Edmonton, Canada

April 8, 2022

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,260,325	\$ 991,493
Accounts receivable	960,353	978,031
Prepaid expenses and deposits	281,507	270,870
	<u>4,502,185</u>	<u>2,240,394</u>
Investments (note 2)	12,819,406	11,935,534
Capital assets (note 3)	2,282,002	2,822,031
	<u>\$ 19,603,593</u>	<u>\$ 16,997,959</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 706,503	\$ 617,296
Deferred revenue (note 4)	2,591,699	1,937,488
Current portion of deferred lease inducements (note 5)	206,723	206,723
	<u>3,504,925</u>	<u>2,761,507</u>
Deferred lease inducements (note 5)	1,102,522	1,309,245
Net assets:		
Sustainment and growth fund	8,702,006	6,543,097
Internally restricted (note 6)	4,014,384	3,987,935
Invested in capital assets	1,293,663	1,677,638
	<u>14,010,053</u>	<u>12,208,670</u>
Accumulated remeasurement gains	986,093	718,537
	<u>14,996,146</u>	<u>12,927,207</u>
Commitments (note 7)		
	<u>\$ 19,603,593</u>	<u>\$ 16,997,959</u>

See accompanying notes to financial statements.

[Original signed by]

Owen Edmondson, Director

Eóin J. Cooke, Director

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Levy fees	\$ 6,290,456	\$ 5,057,289
Permit and registration fees (note 4)	5,799,220	4,841,448
Accreditation fees (note 4)	1,197,450	1,145,157
Master Electricians Program certification fees	623,755	606,480
Safety Codes Officer program fee (note 4)	674,896	595,533
Investment income	681,237	582,284
Other revenue (note 4)	115,872	79,908
	15,382,886	12,908,099
Expenses:		
Salaries and benefits	6,539,370	6,843,490
Permit service fees	4,160,456	3,589,947
General and administrative (note 8)	1,641,149	1,556,052
Contract salaries and remuneration	309,619	504,627
Amortization and loss on disposal of capital assets	513,847	497,407
Course and seminar costs	264,719	226,100
Travel (note 8)	38,704	68,474
Investment management fees	64,921	62,751
Advertising and publications	48,718	50,722
	13,581,503	13,399,570
Excess (deficiency) of revenues over expenses before the undernoted	1,801,383	(491,471)
Contributed capital assets (note 8)	-	98,246
Excess (deficiency) of revenues over expenses	\$ 1,801,383	\$ (393,225)

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	Sustainment and growth fund	Internally restricted (note 6)	Invested in capital assets	2021 Total	2020 Total
Balance, beginning of year	\$ 6,543,097	\$ 3,987,935	\$ 1,677,638	\$12,208,670	\$12,601,895
Excess (deficiency) of revenues over expenses	2,315,230	-	(513,847)	1,801,383	(393,225)
Purchase of capital assets, net	(129,872)	-	129,872	-	-
Transfers	(26,449)	26,449	-	-	-
Balance, end of year	\$ 8,702,006	\$ 4,014,384	\$ 1,293,663	\$14,010,053	\$12,208,670

Statement of Remeasurement Gains and Losses

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 718,537	\$ 161,514
Unrealized change in fair value of investments	267,556	557,023
Accumulated remeasurement gains, end of year	\$ 986,093	\$ 718,537

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flow

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 1,801,383	\$ (393,225)
Items not involving cash:		
Contributed capital assets	-	(98,246)
Amortization of straight-line rent	(50,669)	(51,665)
Amortization and loss on disposal of capital assets, net of amortization of tenant inducements	513,847	497,407
Changes in non-cash operating working capital:		
Accounts receivable	17,678	(409,113)
Prepaid expenses and deposits	(10,637)	24,710
Accounts payable and accrued liabilities	89,207	(152,097)
Deferred revenue	654,211	80,333
	<u>3,015,020</u>	<u>(501,896)</u>
Investing activities:		
Purchase of investments, including reinvested investment income	(616,316)	(519,534)
<u>Withdrawals from investments</u>	-	651,100
	<u>(616,316)</u>	<u>131,566</u>
Capital and financing activities:		
Purchase of capital assets	(135,622)	(729,614)
Proceeds from disposal of capital assets	5,750	2,087
Lease inducements received for the <u> purchase of capital assets</u>	-	302,390
	<u>(129,872)</u>	<u>(425,137)</u>
Increase (decrease) in cash and cash equivalents	2,268,832	(795,467)
Cash and cash equivalents, beginning of year	991,493	1,786,960
<u>Cash and cash equivalents, end of year</u>	<u>\$ 3,260,325</u>	<u>\$ 991,493</u>

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2021

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1). The industry-based Council is comprised of a Council Chair, a Board of Directors, and Sub-councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- administer the Master Electricians' program;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

The Council is responsible for overseeing the provision of safety codes compliance monitoring (permitting and inspection services) in unaccredited areas in the Province of Alberta under the Alberta Safety Codes Authority (ASCA).

Effective June 8, 2020, the Council and ASCA, a division of the Council, were transferred authority to complete delegated work related to storage fuel tanks under Part 4 of the National Fire Code - 2019 Alberta Edition. The Council is responsible for closing permits in the legacy software whereby costs will be incurred with no related revenue. These services are administered by the Storage Tank System division of ASCA.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Council follows the deferral method of accounting for contributions which include government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized when earned or when the related services are provided.

(b) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months which are held for the purpose of meeting short-term cash commitments.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the following method and annual rates for additions after January 1, 2018:

Asset	Basis	Useful Life
Furniture and fixtures	Straight line	5 years
Equipment	Straight line	5 years
Computer hardware	Straight line	3 years
Computer software	Straight line	3-10 years
Leasehold improvements	Straight line	Over lease term

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Capital assets (continued):

For capital asset additions prior to January 1, 2018, amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

Copyrights are not amortized.

Capital assets that are not in use at year-end are not amortized.

(d) Leases:

Leases are classified as capital or operating leases. A lease that transfer substantially the entire benefits and risks incidental to ownership is classified as a capital lease. All other leases are accounted for as operating leases, wherein rental payments and related lease inducements, including "free-rent" periods or significant "step-up" provisions, are amortized on a straight-line basis and recognized as reductions of rent expense over the term of the lease. Lease inducements received for the purchase of capital assets are recognized as reductions in amortization expense on a straight-line basis over the term of the related lease.

Deferred lease inducements represents the unamortized value of tenant inducements and straight-line rent.

(e) Contributed services:

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gains and losses are reversed and recognized in the statement of operations.

The standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Significant amounts subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(h) Related party transactions:

The Council enters into transactions with related parties in the normal course of operations and on normal trade terms. These transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

(i) Future accounting changes:

The following summarizes upcoming changes to Canadian public sector accounting standards: PS3280 *Asset Retirement Obligations* (effective April 1, 2022), PS3400 *Revenue* (effective April 1, 2023); PSG-8 *Purchased Intangibles* (effective April 1, 2023) and PS3160 *Public Private Partnerships* (effective April 1, 2023). The Council's management is currently assessing the impact of these new accounting standards on its financial statements.

2. Investments:

2021	Level	Cost	Far value
Cash and cash equivalents		\$ 738	\$ 738
Pooled funds:			
Bond Fund	2	7,018,785	6,949,275
Canadian Equity Fund	2	3,092,540	3,291,490
Global Equity Fund	2	1,540,794	2,370,547
Emerging Market Equity Fund	2	180,456	207,356
		\$ 11,833,313	\$ 12,819,406
2020	Level	Cost	Fair value
Cash and cash equivalents		\$ 8,150	\$ 8,150
Pooled funds:			
Bond Fund	2	6,594,896	6,846,671
Canadian Equity Fund	2	2,853,432	2,781,434
Global Equity Fund	2	1,603,183	2,101,097
Emerging Market Equity Fund	2	157,336	198,182
		\$ 11,216,997	\$ 11,935,534

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 707,280	\$ 424,013	\$ 283,267	\$ 418,114
Equipment	78,025	35,043	42,982	57,279
Computer hardware	841,638	657,471	184,167	242,338
Computer software	1,686,040	1,006,830	679,210	841,305
Leasehold improvements	1,563,258	482,649	1,080,609	1,251,228
Copyrights	11,767	-	11,767	11,767
	\$ 4,888,008	\$ 2,606,006	\$ 2,282,002	\$ 2,822,031

4. Deferred revenue:

	Balance, December 31, 2020	Amounts received	Revenue recognized	Balance, December 31, 2021
Permit fees	\$ 1,761,935	\$ 6,487,220	\$ (5,799,220)	\$ 2,449,935
Safety Codes Officer program fee	147,825	62,680	(85,125)	125,380
Accreditation fees	13,884	1,185,419	(1,185,419)	13,884
Other revenue	13,844	-	(11,344)	2,500
	\$ 1,937,488	\$ 7,735,319	\$ (7,081,108)	\$ 2,591,699

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Deferred lease inducements:

In 2018, the Council received a total of \$507,888 in "free rent" and \$1,457,372 in tenant lease inducements to support the purchase of certain leasehold improvements. During the year, the Council received an additional \$302,390 in tenant lease inducements to support the purchase of certain leasehold improvements for the additional office space occupied. The Council recognized \$50,669 (2020 - \$51,665) of amortization of deferred straight-line rent as a reduction in rent expense and \$156,054 (2020 - \$118,679) of amortization of deferred tenant inducements as a reduction in amortization expense.

	2021	2020
Straight-line rent	\$ 320,906	\$ 371,575
Tenant inducements	988,339	1,144,393
	1,309,245	1,515,968
Current portion of deferred lease inducements	206,723	206,723
	\$ 1,102,522	\$ 1,309,245

6. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of \$3,000,000 to manage sustainability risk over the medium term. Access to the internally restricted net assets is granted by resolution of the Board of Directors.

In addition, the Council maintains internally restricted net assets related to ASCA as a contingency to manage risk. In the prior year, the Board of Directors approved a transfer of \$900,000 to this internally restricted account. The transfer in the current year relates to the realized investment income earned on the underlying investment portfolio.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Commitments:

	Office lease
2022	\$ 367,316
2023	374,663
2024	374,663
2025	389,356
2026	396,702
Thereafter	550,976
	\$ 2,453,676

8. Related party transactions:

The Province of Alberta provides certain services to the Council, including monitoring services of accredited entities as part of the Municipal Support Program, at no cost. These unallocated costs are not recognized in the financial statements.

As part of the transfer of authority to complete delegated work related to storage fuel tanks under Part 4 of the National Fire Code - 2019 Alberta Edition, certain legacy permitting software with an agreed upon value of \$98,246 was contributed to the Council in the prior year.

Related parties include key management personnel and members of the Board of Directors of the Council. Transactions with key management personnel primarily consist of compensation related payments and are undertaken on similar terms and conditions to those that would be adopted if the parties were dealing at arm's length. Members of the Board of Directors are remunerated by the schedules as set out by Order in Council 466/2007. Remuneration is comprised of \$21,710 (2020 - \$37,854) and is included in general and administrative expense on the statement of operations. Other costs consist of travel related to meeting attendance of \$nil (2020 - \$2,927) which is included in travel expense on the statement of operations.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Financial risks and concentration of credit risk:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, liquidity risk, credit risk and interest rate risk. The Council's overall risk management processes are designed to identify, manage and mitigate business risk.

The COVID-19 pandemic and measures taken to contain the virus continue to impact the market as a whole. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Council is not known at this time. The Council's risk management strategy has not changed due to the COVID-19 pandemic.

(a) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Council's investments are in pooled funds and carried at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains and losses as appropriate, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Council through their investment guidelines and policies, as monitored by the management of the Council and its investment manager.

(b) Liquidity risk:

Liquidity risk is both the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities under both normal and stressed conditions. The Council's Investment Policy, which is reviewed and approved by the Board of Directors annually, establishes the nature of acceptable investments for its portfolio. As a result, 100% of the Council's investments are in pooled funds. Although market events could lead to some investments within the pooled fund becoming illiquid, the diversity and quality of the Council's investments is designed to ensure that liquidity is available to pay liabilities as they come due. The Council also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Financial risks and concentration of credit risk (continued):

(c) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Council. In relation to the Council activities, credit risk arises from the issuance of permits by accredited third-parties and subsequent remittance of levies to the Council. This risk is mitigated through the Council's ongoing due diligence of accredited organizations, and the number of accredited organizations issuing permits. In relation to the Council's investment portfolio, credit risk arises from the bond or equity issuer defaulting on its obligations.

The Council manages credit risk by investing diversified pooled funds. Cash is held with reputable financial institutions and accounts receivable are with counterparties that the Council believes to be reputable entities. No individual financial asset is significant to the Council's operations.

(d) Interest rate risk:

The Council is exposed to interest rate risk associated with the underlying interest-bearing instruments. To properly manage the Council's interest rate risk, appropriate guidelines and investment policies are set and monitored by management of the Council and its investment manager.

Annual Report Extracts and Other Statutory Reports

Statement Regarding the *Public Interest Disclosure Act*

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* reads:

- 32(1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.
- (2) The report under subsection (1) must include the following information:
- (a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
 - (b) the number of investigations commenced by the designated officer as a result of disclosures;
 - (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.
- (3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available.

Below is a summary of the activity in the Public Interest Disclosure Office pertaining to the Department of Municipal Affairs from April 1, 2021 to March 31, 2022:

0 – Disclosures

0 – Investigation

0 – Investigations resulting in a finding of wrongdoing