

GOVERNMENT OF ALBERTA



Municipal Affairs

Annual Report

2023-24

Alberta 

Ministry of Municipal Affairs, Government of Alberta | Municipal Affairs 2023-2024 Annual Report
©2024 Government of Alberta | Published: June 2024

ISBN 978-1-4601-6018-3

ISSN 1925-9247

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www.alberta.ca

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Preface

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

The 2023-24 Annual Report reflects the 2023-26 ministry business plans, the Government of Alberta Strategic Plan, as well as the ministry's activities and accomplishments during the 2023-24 fiscal year, which ended on March 31, 2024.

The annual report of the Government of Alberta contains *Budget 2023* 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 ministry's Financial Information and Results Analysis, 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 provincial agencies for which the Minister is responsible;
- other financial information as required by the *Financial Administration Act* and *Sustainable Fiscal Planning and Reporting Act*, as separate reports, to the extent that the ministry has anything to report; and
- financial information relating to trust funds.

All ministry annual reports 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, 2024, was prepared under my direction in accordance with the *Sustainable Fiscal Planning and Reporting Act* and the government's accounting policies. All the government's policy decisions as at May 31, 2024 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



As Albertans and their families go about their daily lives, they depend on their communities for support and essential services. Municipal Affairs is privileged to play an important role in helping local governments and other partners across the province meet those needs.

Over the past year, my ministry has continued to dedicate itself to that work. Those efforts are detailed in the Municipal Affairs 2023-2024 Annual Report.

Through improvements to legislation, advice to municipal staff, investments in infrastructure, supports to public safety and libraries and much more, my ministry continues to help build vibrant and prosperous communities.

One of the most significant milestones reached this year has been years in the making: the launch of the Local Government Fiscal Framework. Alberta communities have long called for a stronger partnership with the province by tying capital funding to provincial revenue growth. Replacing the Municipal Sustainability Initiative, this new framework answers that call by delivering predictable funding to help pay for communities' priority infrastructure projects. More on this success story is shared in our annual report.

Another area of our work that has long-term implications is our effort to enhance accountability and public trust in local elections and locally elected officials. We carried out a review of related legislation, connected with our municipal partners, and conducted two public surveys that will help inform how we can strengthen the foundations of democracy on which Albertans and their municipalities depend.

In our work to support public safety, we have updated Alberta's building and fire safety codes to reflect the latest standards and knowledge that help keep all Albertans safe. At the same time, the ministry began a review of how well the province's safety code system is performing. This quality assurance review will help us improve the essential oversight function carried out by our regulatory partners.

This year we've also worked closely with the Ministry of Energy and Minerals and the Alberta Energy Regulator to help municipalities recoup unpaid property taxes from oil and gas companies. Though more work needs to be done, we have seen some change in the right direction resulting from the actions our government has taken over these past 12 months.

Over the year we also continued to make meaningful investments in public libraries, including expanding access to e-resources and Indigenous collections, while making access to services more equitable. The services provided by these special community hubs have a real and lasting effect on the quality of life for many Alberta families, and we are pleased to continue playing a supporting role.

In terms of protecting landowner rights and supporting development, Albertans continued to be well served by the Land and Property Rights Tribunal. The tribunal carried out fair, unbiased, and well-reasoned decisions in a thoughtful and timely manner on a sizable caseload of submissions.

These are just a few examples of the strategic work we have dedicated ourselves to over the course of the past fiscal year, and I am proud to share these achievements. I encourage you to read on and learn more about the great work we are doing with municipalities to serve Albertans and help build a stronger province.

(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 Forestry 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, 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 2023-26 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 2023*.

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 *Sustainable Fiscal Planning and Reporting Act*.

In fulfilling my responsibilities for the ministry, 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

May 31, 2024

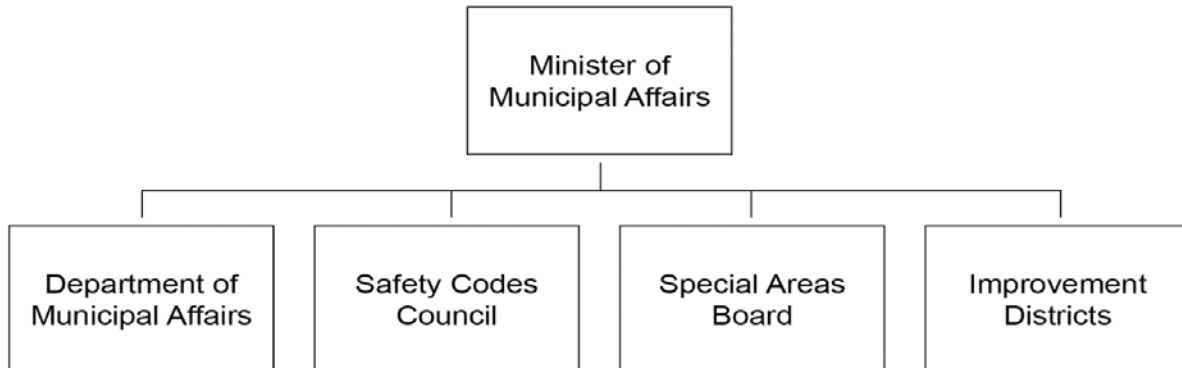
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Ministry Overview

Organizational Structure



Operational Overview

Municipal Affairs assists municipalities in providing well-managed, accountable local government to Albertans. The ministry also fosters strong, safe communities across the province, and enables local governments to participate in 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, and the Land and Property Rights Tribunal.

Ministry of Municipal Affairs

Department of Municipal Affairs

Municipal Assessment and Grants Division

The Municipal Assessment and Grants Division develops 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 and Local Growth and Sustainability Grant; prepares equalized assessments for each municipality; and administers the education property tax requisition 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*, *Local Authorities Election Act*, and *Special Areas Act* and their associated regulations; leads policy initiatives relating to municipal provincial relations; collects and reports municipal financial and statistical information; 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 library systems 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 the provincial safety codes and standards system, provides guidance and advice to its 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 and provision of permit, inspection, and compliance services. 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, the Alberta Boilers Safety Association, and the Alberta Elevating Devices and Amusement Rides Safety Association.

The division includes the Corporate Strategic Services Branch, which is responsible for strategic planning, foresight and reporting, emergency planning, agency governance, program evaluation and continuous improvement, addressing cross-ministry policy and red tape reduction initiatives, and Indigenous consultation matters.

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 pre-hearing 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.

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 matters regulated by the *Safety Codes Act*;

- administering accreditation activities, including accrediting municipalities, regional services commissions, 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; conducting 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, whose members are 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 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 Forestry and Parks.

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 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 appointment 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 that delivers legal services to the ministry’s divisions and associated boards. Its responsibilities include reviewing legislation and regulations, offering legal advice and written opinions, and preparing and reviewing legal documents.

Communications

Communications is a resource provided by Communications and Public Engagement in the Ministry of Treasury Board and Finance. It provides strategic communications advice, consulting services, and planning and support to the Minister, Deputy Minister, and ministry staff to communicate effectively with

Results Analysis

stakeholders, the media, and Albertans. Communications also provides issues management, writing and editing, and media relations services.

Key Highlights in the Past Year

The Ministry of Municipal Affairs focused on accomplishing four outcomes identified in the 2023-26 Ministry Business Plan:

- **Outcome 1:** Municipalities are strong partners in supporting and enabling economic prosperity in their communities.
- **Outcome 2:** Albertans live in viable municipalities and communities with fiscally responsible, collaborative, and accountable local governments.
- **Outcome 3:** Albertans are protected with safe buildings, homes, and communities.
- **Outcome 4:** Albertans receive fair, timely, and well-reasoned decisions from the Land and Property Rights Tribunal.

Key highlights and results achieved by the Ministry of Municipal Affairs in 2023-24 include:

- The **Local Government Fiscal Framework** replaced the Municipal Sustainability Initiative Capital program in 2024, as set out in the *Local Government Fiscal Framework Act*. The new funding framework will implement a baseline funding level 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 was approved by Cabinet.
- To reinitiate the **Assessment Model Review** process for regulated property assessment, a stakeholder steering committee completed an engagement plan for a more transparent and inclusive review process. In 2023, the steering committee, made up of municipal, assessment, and impacted industry stakeholders, provided an Assessment Model Review Engagement Plan to the government for consideration.
- The **Local Authorities Election Act** establishes the framework for local authorities – including municipalities, school boards, Metis Settlements, and irrigation districts – to conduct elections. Municipal Affairs routinely reviews the legislation following each municipal general election to ensure it is current and responsive to evolving local needs. Over the past two years, the ministry has focused on enhancing candidate accountability, protecting electors, and strengthening democratic processes. The ministry will continue to work toward bringing forward amendments to the *Local Authorities Election Act* that address the concerns regarding public trust in local elections as well as concerns raised after the 2021 election. These changes will be implemented prior to the next municipal general election in October 2025.
- Municipal Affairs has continued to work to address **unpaid oil and gas property taxes**, with the implementation of a quarterly monitoring process to collect and share municipal oil and gas tax arrears with the Alberta Energy Regulator. A new directive to the Alberta Energy Regulator took effect May 1, 2023, and requires the mandatory payment of municipal tax arrears over \$20,000 as a necessary precondition for new well licences and approval of well licence transfers.
- In 2018, **Intermunicipal Collaboration Framework** provisions came into force, reinforcing that one of the purposes of a municipality is “to work collaboratively with neighbouring municipalities to plan, deliver and fund intermunicipal services.” In 2023-24, the ministry initiated a review of the Intermunicipal Collaboration Framework requirements in the *Municipal Government Act* to determine how the legislation could be improved. In early 2024, the ministry consulted with municipalities and their associations by inviting written feedback through a questionnaire on the main concerns and gaps in the legislation. This feedback will help inform legislative changes planned for consideration in 2025.

- 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. While the budget for the 2023-24 Alberta Community Partnership program was \$15.4 million, actual grants totaled \$16.4 million, and supported projects in the following five components: Intermunicipal Collaboration; Strategic Initiatives (which includes support for growth management boards, organizations promoting municipal professional development, and projects of intermunicipal and strategic significance); Municipal Restructuring; Municipal Internship; and Mediation and Cooperative Processes.
- Municipal Affairs administered \$39.7 million in funding for **public library services** in the province in 2023-24. Of this, \$33.6 million was direct operating grant funding for 223 municipal, intermunicipal, First Nations, and Metis Settlement public library boards as well as seven regional library system boards. In addition to these operating grants to library boards, the funding also supported the following initiatives under the Provincial Public Library Network: SuperNet connectivity in libraries and interlibrary loan management and delivery; investment in a variety of electronic resources for all Alberta public library users; and funding for the Read Alberta eBooks Collection, which makes more than 2,000 Alberta-published eBooks, and more, available to readers across the province.
- Locally governed Indigenous libraries offer services at Frog Lake First Nation and Kainai Blood Tribe First Nation. Public library outreach services are now available on multiple First Nation reserves and Metis Settlements throughout the province. Municipal Affairs also provided \$806,000 in funding to two First Nation library boards, one Metis Settlement library board, three large urban libraries, and six regional library systems to serve neighbouring Indigenous populations outside municipal boundaries. Since 2017, more than 6,000 new library card holders have been added to the system as a result of this funding.
- The following codes were reviewed and adopted by the ministry in 2023-24, to ensure health and safety is maintained throughout the province: the National Plumbing Code 2020, promoting consistency among provincial and territorial plumbing codes; the Alberta Electrical Utility Code Sixth Edition, setting out minimum standards for electrical work; a pressure equipment standard for power piping; three pressure equipment standards related to process piping, refrigeration piping, and the storage and handling of anhydrous ammonia. The 2023 Alberta Editions of the National Building and Fire Codes and the 2020 National Energy Code for buildings were published and will come into force on May 1, 2024. To ensure that Albertans are protected with safe buildings, homes, and communities, Municipal Affairs manages the release of new codes to keep buildings, facilities, and equipment safe and operational. Under timely code adoption, codes come into force within one year of being published.
- The ministry is accredited by two international boards to administer **provincial testing and certification** to National Fire Protection Association Professional Qualification standards: Pro Board and the International Fire Service Accreditation Congress. In 2023-24, the International Fire Service Accreditation Congress conducted an onsite audit as part of a five-year cycle. Re-accreditation for the next five years was awarded based on the audit findings. As the program is voluntary, local jurisdictions and businesses choose whether to participate, and to which standard they will certify, based on their own employee competency requirements. The program supports the professional development of Alberta's fire service by providing testing and certification based on national and provincial standards of practice. This promotes consistency of knowledge and skill development within the industry, and supports labour mobility, universal deployment, and regional, provincial, and interprovincial mutual aid.
- As part of its role in safety codes system oversight, Municipal Affairs determines whether system administrative partners with appointed or delegated responsibilities – including the Safety Codes Council,

the Alberta Boilers Safety Association, and the Alberta Elevating Devices and Amusement Rides Safety Association – are providing quality services that align with and mitigate risks to achieving system outcomes. Understanding the extent to which partners are achieving outcomes provides assurance to the Minister and the ministry on how the system is functioning, and allows for the identification of improvement opportunities. Building on work undertaken in 2022-23, Municipal Affairs continued to work with system partners to develop components of the assurance review model that supports further qualitative and quantitative assessment. Full implementation of **assurance review** activities for all three partners is targeted for 2025-26.

- Addressing **housing costs and increasing housing supply** for lower income Albertans is a key priority for the Government of Alberta. In support of this priority, Municipal Affairs is exploring opportunities to remove barriers to affordable construction and permit approvals while still maintaining high safety standards. Municipal Affairs is also working with municipalities to explore whether alternative solutions within the Alberta building and fire codes are needed, to allow municipalities to create emergency or temporary shelter space quickly and safely. Municipal Affairs is engaging with municipal and industry stakeholders to explore opportunities within the building codes to remove barriers to affordable construction. Going forward, throughout the 2024-25 fiscal year, Municipal Affairs will be working with municipalities and other accredited organizations that deliver permit and inspection services to determine whether standardized timelines for permit processes and approvals are appropriate.
- The **Land and Property Rights Tribunal** received seven annexation applications in 2023-24. Three annexation recommendations were submitted to the Minister of Municipal Affairs and subsequently approved by the Lieutenant Governor in Council. In 2023-24, for **subdivision appeals**, the range of days between the hearing and issuing the decision was 18 to 89, with an average of 37 days. For **development appeals**, the range of days between the hearing and issuing the decision was two to 93, with an average of 28 days. In 2023-24, 51 development appeals were filed with 47 proceeding to a hearing, requiring notice be provided to 1,464 affected parties.
- Through **Recovery of Compensation (Section 36 Surface Rights Act)**, in 2023-24, the tribunal directed more than \$29 million to rural landowners. The typical payment to individual landowners is in the range of \$3,500 per year.

The Ministry of Municipal Affairs remains committed to regulatory approaches and program delivery that reduces unnecessary government oversight and emphasizes outcomes, to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses. Some of this work included:

- Municipal Affairs is responsible for the administration of the *Libraries Act* and Libraries Regulation, and work continued throughout 2023-24 to reduce red tape in both. In 2019, Municipal Affairs staff met with library board members, public library staff, municipal councillors, municipal administrative staff, the Library Association of Alberta, the Alberta Library Trustees' Association, and representatives from Rural Municipalities of Alberta and Alberta Municipalities to discuss amendments to the *Libraries Act* and its associated regulation. The ministry had further discussions with public library stakeholders in 2021, which reaffirmed the desire for a robust regulatory framework within which to operate. Overall, stakeholders did not express a desire to eliminate or vary many of the legislative provisions in the *Libraries Act* and indicated they are generally satisfied with existing requirements.
- **Fire Service Review:** In recent years, stakeholders have identified opportunities to enhance service delivery of fire services programs, as well as the role and mandate of Alberta's Fire Commissioner. In 2023-24, the ministry made efforts to address this by reinstating the Fire Services Training Program; creating an Assistant Fire Commissioner position to focus on engagement and communication; providing

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grant funding for the Federal Exemplary Service Medal ceremony; and implementing program enhancements that reduce red tape in the administration of provincial medal programs.

- The **Alberta Elevating Devices and Amusement Rides Safety Association** is modernizing its records management system, to ensure proper management and disposal of outdated records, and reduce red tape for accredited agencies that request original designs and specifications for elevators.

Discussion and Analysis of Results

Actions that support the priorities of the Government of Alberta Strategic Plan, 2023-26

Key Priority One: Securing Alberta's Future

Objective two: Attracting investment and growing the economy

- Maintaining property tax initiatives including a property tax holiday for all new well and pipeline assets until the 2024 tax year, to encourage new investment in the oil and gas sector and support the continued viability of existing assets. *Detailed reporting found on page 24.*

Objective three: Building Alberta

- Supporting our communities by providing \$485 million in capital funding to Alberta municipalities through the Municipal Sustainability Initiative (MSI), as well as \$266 million through the federal Canada Community-Building Fund. These continued infrastructure investments support local decision-making, sustain local jobs, and position Alberta's communities to continue participating in future economic growth. The 2023-24 fiscal year will be the final year for the MSI. *Detailed reporting found on pages 18-19, and pages 21-22.*
- Implementing the Local Government Fiscal Framework (LGFF) to replace the MSI beginning in 2024-25, with \$722 million in municipal capital funding being provided in that first year. The LGFF is a legislated program in which municipal funding in future years will be indexed to provincial revenue. The revenue index factor is being increased from 50 to 100 per cent so that municipalities can be full partners in Alberta's economic fortunes, recognizing the essential role municipalities and local infrastructure play in supporting businesses and creating jobs. *Detailed reporting found on pages 19-20.*

Objective five: Reducing unnecessary government oversight

- Strengthening the rights of landowners and operators through the Land and Property Rights Tribunal ensuring fair and timely decisions on surface rights disputes between landowners and oil and gas producers, modernizing processes through improved technology, and reducing timelines for issuing decisions. This includes launching a Surface Rights E-File Portal for submitting and monitoring rental recovery applications, transitioning to a more efficient case management system, and implementing Robotic Process Automation software to automate applications and decisions. *Detailed reporting found on page 80.*

Actions that support the priorities of the Government of Alberta Strategic Plan, 2023-26 (continued)

Key Priority Two:
Standing up for Albertans

Objective eight:
Building better communities

- Reviewing the structure and effectiveness of the Calgary and Edmonton Metropolitan Region Boards to ensure coordinated regional decision making, effective delivery of inter-municipal services, and value for tax dollars. *Detailed reporting found on page 30.*

Outcome One: Municipalities are strong partners in supporting and enabling economic prosperity in their communities

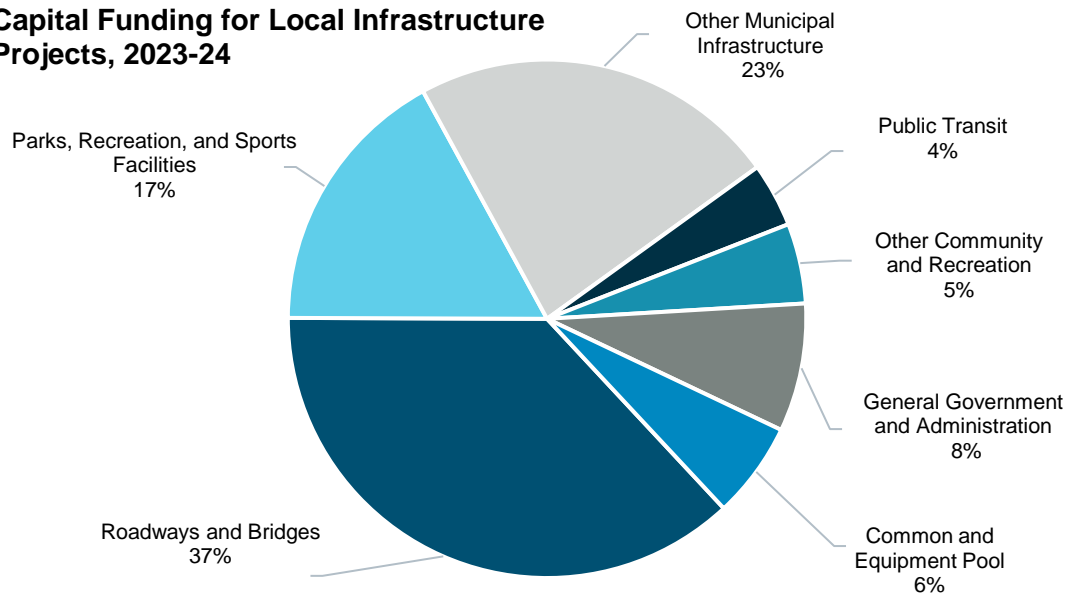
Key Objectives

1.1 Provide capital grants to support predictable, sustainable investment in municipal infrastructure, which enables communities to support local, regional, and provincial job creation and economic growth.

Municipal Sustainability Initiative Capital Funding

After 17 years, funding under the Municipal Sustainability Initiative capital program ended in 2023-24. The Municipal Sustainability Initiative program represented the Government of Alberta’s commitment to work in partnership with local governments to manage growth pressures, provide them with sustainable funding, and

Capital Funding for Local Infrastructure Projects, 2023-24



support infrastructure needs. Local governments received \$486.8 million in 2023-24, the final year before the Municipal Sustainability Initiative will be replaced by the Local Government Fiscal Framework in 2024-25.

To support the wind-down of the program, several administrative changes were made that encourage local governments to spend their Municipal Sustainability Initiative funding while maintaining flexibility for them to access any unspent Municipal Sustainability Initiative funding for their projects. Once local governments have spent most of their Municipal Sustainability Initiative funding, they will be able to access their funding under the Local Government Fiscal Framework.

In 2023-24, local governments committed \$604 million of capital funding for 688 accepted projects. Local governments used the funding available in 2023-24 and funding carried forward from prior fiscal years. Projects included:

- Improving streetlights in the City of Calgary with energy efficient technology.
- Upgrading the Mill Creek Outdoor Pool in the City of Edmonton.
- Redeveloping the rodeo grounds in the City of Brooks by adding bleachers, soccer, and football fields.
- Replacing a culvert over one of the Bear River tributaries in Mackenzie County.
- Purchasing gravel for the planned rehabilitation of roads in the County of Minburn.
- Purchasing a new grader for Lamont County.
- Paving Township Road 444 in the Municipal District of Wainwright.
- Replacing sidewalks in the Town of Fort Macleod to improve pedestrian safety.
- Expanding the wastewater lagoon in the Town of Oyen to meet environmental requirements.
- Purchasing an emergency generator for the Town of Westlock's Spirit Centre.
- Replacing several shut-off valves for waterlines along one of the Village of Edgerton's roads.
- Replacing the coin machine at the Village of Girouxville's bulk water dispenser.
- Rehabilitating wastewater lines in the Village of Linden.
- Upgrading the Alder Avenue boat launch in the Summer Village of Burnstick Lake.
- Upgrading a portion of McKinley Road in East Prairie Metis Settlement.

A final report on the program's performance and benefits to Albertans will be completed following certification of financial reporting from local governments.

Local Government Fiscal Framework

The Local Government Fiscal Framework replaced the Municipal Sustainability Initiative Capital program in 2024, as set out in the *Local Government Fiscal Framework Act*.

The new funding framework implemented a baseline funding level of \$722 million in 2024-25, with \$382 million allocated to the cities of Calgary and Edmonton, and \$340 million allocated to the remaining local governments. Overall program funding in future years will be adjusted based on the percentage change in provincial revenues from three years prior. This strengthens the government's partnership with local governments, which will share fully in government's fiscal successes and challenges, while ensuring overall funding amounts remain sustainable for the province.

While the formula to allocate funding between the cities of Calgary and Edmonton is included in the Act, the formula for other local governments is not. The ministry developed a funding allocation formula, which Cabinet approved in November 2023, and was based on the principles agreed to by municipal associations. The formula provides needs-based funding to communities with more limited abilities to generate their own revenues, as well as base funding for all local governments, and distributes the remaining funding based on population, tangible capital assets, amortization, and kilometres of local road. These factors reflect a range of indicators of need for infrastructure investment.

In 2023-24, the ministry also finalized the administrative details of the Local Government Fiscal Framework, which are similar to the Municipal Sustainability Initiative, and maintain significant flexibility in the use of funding for local governments, as requested by local government stakeholders. Continued features of the new program include:

- support for a broad range of project types, to reflect local priorities for infrastructure;
- flexibility in the timing of when funding can be used; and
- allowing municipalities to save up funding for larger projects.

The new formula and program details were announced in December 2023. In February 2024, to help local governments in planning for the use of Local Government Fiscal Framework funding, the ministry hosted webinars to share information and answer questions about the program.

With the support of the Ministry of Technology and Innovation, a new online portal was developed to administer the Local Government Fiscal Framework. A targeted group of municipal users were consulted to guide the system's development, ensuring that its design reflects how users intend to use it. In March 2024, the system opened for applications. To support users in the transition to the new system, the ministry hosted webinars to ensure local governments were prepared to submit project applications as soon as possible after system launch.

Calgary Event Centre Support – Community Rink

In April 2023, the Government of Alberta entered into a Memorandum of Understanding with the City of Calgary and Calgary Exhibition and Stampede Ltd. to contribute to the capital costs of transportation and other ancillary infrastructure that will support the development of the new Calgary Event Centre, as well as contributing to the costs of constructing the community rink that would form part of the Event Centre. The province committed \$330 million of capital funding for two aspects of the Event Centre – infrastructure improvements for the development of a community gathering area/entertainment district around the Event Centre, and construction costs for a community rink.

Municipal Affairs is administering grant funding of up to \$30 million for the 50 per cent provincial share of development and construction of the community rink, and Transportation and Economic Corridors is delivering \$300 million for the other infrastructure upgrades. Calgary will contribute the remaining funds

required for the community rink. In 2023-24, the City of Calgary received an initial payment of \$400,000 for engineering and design costs.

The community rink forms an integral component of the Calgary Event Centre. The construction of this 1,000-seat community rink will provide important downtown arena and event space that are not presently available. Downtown residents and other members of the public will have more recreational opportunities, supporting health and wellness, and increased availability of community amenities and gathering spaces for public use within the arena. The rink will also support amateur hockey leagues that may make use of the space.

Federal Programs

Canada Community-Building Fund

The Canada Community-Building 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 program through a bilateral agreement between the province and Canada. The province reports financial activities annually, and outcomes every five years, to the federal government.

In 2023-24, the Canada Community-Building Fund provided \$265.4 million to help local governments in Alberta build and revitalize their local public infrastructure, while creating jobs and long-term prosperity. Local governments used the funding available in 2023-24 and funding carried forward from prior fiscal years to commit \$342.7 million in program funding for 396 new municipal infrastructure projects.

A report to the federal government providing an overview of results achieved by the program between 2017 and 2021 was published in July 2023 (a report with results from earlier years of the program was published in 2018). The results presented in the report demonstrate the degree to which Alberta local governments' investments under the Canada Community-Building Fund supported achievement of the national program objectives: productivity and economic growth, clean environment, and strong cities and communities. Notable benefits to Alberta outlined in the report included:

- 1,434 kilometres of drinking water distribution lines constructed or repaired.
- 1,644 kilometres of wastewater collection lines constructed or repaired.
- 3,559 kilometres of local roads constructed or rehabilitated.

In 2023-24, local governments used Canada Community-Building Funds available in 2023-24, and funding carried forward from prior fiscal years to commit \$342.7 million in program funding for 396 new municipal infrastructure projects. Eligible project categories include:

- 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.

Results Analysis

- 93 kilometres of bridges constructed or repaired.
- 548 new public transit vehicles purchased.
- 51 amateur sports facilities (including five new facilities) benefited from the funding.

The full report is available at <https://open.alberta.ca/publications/canada-community-building-fund-outcomes-report>.

In late 2023-24, Canada began formal negotiations with Alberta for extension of the program beyond the term of the current agreement, with the term of the new agreement scheduled to commence in the 2024-25 fiscal year.

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 less than 100,000 people. Fifty-six projects were approved under the Small Communities Fund in July 2015, with provincial funding allocated over five years starting in 2015-16.

In 2023, Alberta and Canada agreed to extend the agreement end date for the New Building Canada Fund – Small Communities Fund to March 31, 2028. This extension provided further time for project completion to municipalities that had not finalized their approved projects by the original March 31, 2023 agreement end date.

Since 2015-16, 48 projects have been completed, including the following projects reported as completed in 2023-24:

- Municipal District of Bonnyville No. 87 (Ardmore Underground Utilities Rehabilitation Project) – total project cost \$7.7 million; total provincial funding \$2.6 million; total federal funding \$2.6 million.
- Municipal District of Spirit River No. 133 (Village of Rycroft Flood Control) – total project cost \$300,000; total provincial funding \$100,000; total federal funding \$100,000.

A final progress report – to be prepared when all projects funded under the program are complete – will provide an overview of the positive impacts the Small Communities Fund projects had on specific communities, and on the entire province.

A report to the federal government detailing outcomes of the 20 Small Communities Fund projects completed between July 2020 and December 2023 was published on March 6, 2024 (a previous report detailed the results of projects completed earlier). Some highlights of these projects include:

- An increase in wastewater collection and treatment capacity from six million to 33.8 million litres per day.
- In one community, the geographic area connected to the stormwater or wastewater treatment systems was increased from 0.5 square kilometres to 4.47 square kilometres.
- Drinking water projects have continued to increase the areas with access to safe drinking water. One community increased the serviced area from 0.34 square kilometres to 15.4 square kilometres.

- Road projects improved access to remote areas by increasing the paved lanes in two communities by 24.51 lane kilometres, and reduced congestion at one interchange from 12,899 vehicles per day to 6,153 vehicles per day by providing an alternative route.

The full report is available at: <https://open.alberta.ca/publications/small-communities-fund-alberta-project-outcomes-report>.

Investing in Canada Infrastructure Program

In 2018-19, the Government of Canada introduced the Investing in Canada Infrastructure Program, a program expected to provide \$3.66 billion to Alberta over 11 years. As part of federal *Budget 2022*, in recognition of delays caused by the COVID-19 pandemic, the Government of Canada extended the construction deadline for projects funded under the Investing in Canada Infrastructure Program from October 2027 to October 2033. The program is focused on infrastructure projects that support the three key federal goals of creating long-term economic growth; supporting a low-carbon, green economy; and building inclusive communities.

Current federal commitments are:

- public transit (\$1.97 billion);
- green infrastructure (\$1.19 billion);
- community, culture, and recreation infrastructure (\$136.7 million);
- rural and northern communities (\$124.5 million); and
- COVID-19 resilience infrastructure (\$242.9 million).

Alberta Infrastructure oversees primary administration of the Investing in Canada Infrastructure Program agreement, with individual ministries 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 projects are expected to be completed in the next three years. Of the 24 projects, seven are under construction, three are finalizing engineering in advance of tender for construction, and 14 are complete. Of the 14 completed projects, four projects were reported as complete in 2023-24, including:

- City of Red Deer (G.H. Dawe Community Centre Expansion) – This project was approved under the Community, Culture, and Recreation Infrastructure funding stream. Total project cost was \$42 million, with Investing in Canada Infrastructure Program funding of \$15.1 million. Provincial Municipal Sustainability Initiative capital funding of \$12.6 million was also committed to the project.
- City of Calgary (Downtown Flood Barrier) – This project was approved under the Green Infrastructure funding stream. Total project cost was \$22.7 million, with \$6.1 million in Investing in Canada Infrastructure Program funding.
- Regional Municipality of Wood Buffalo (Lower Townsite Flood Mitigation (Reach 7 and 8)) – This project was approved under the Green Infrastructure funding stream. Total project cost was \$13.6 million, with \$3.5 million in Investing in Canada Infrastructure Program funding.

- Siksika Nation (Arthur A. Youngman WTP Flood Mitigation Raw Water Wells Project) – This project was approved under the Green Infrastructure funding stream. Total project cost was \$2.1 million, with the Investing in Canada Infrastructure Program funding of \$1.6 million.

Investing in Canada Infrastructure Program funds are provided to recipients based on quarterly expenditure claims. In turn, funds paid to recipients are claimed back from the federal government through quarterly payment requests submitted to Infrastructure Canada by Alberta Infrastructure.

1.2 Work with industry and municipal stakeholders to co-design and begin implementation of an engagement approach to modernize the assessment models for regulated property.

Oil and Gas Property Tax Incentives

As a result of feedback received from both municipalities and industry partners, the government did not implement the results of a review of regulated assessment models that occurred in 2020. Instead, government implemented measures to support economic recovery and provide certainty to industry, investors, municipalities, and other property taxpayers. These measures, announced in October 2020, provided incentives for new investment in the oil and gas industry and promoted the continued viability of mature assets. They included:

- a three-year tax holiday for new wells and pipelines – approximately \$39 million in municipal and education property taxes in 2023-24;
- the elimination of the Well Drilling Equipment Tax – the equivalent of about \$44 million in forgone revenue in 2023-24, if all municipalities with new wells had implemented a Well Drilling Equipment Tax bylaw;
- a shallow gas assessment reduction – the equivalent of about \$15 million in municipal and education property taxes in 2023-24; and
- a low productivity assessment reduction – an approximate impact of \$24 million in municipal and education property taxes in 2023-24.

The tax holiday incentive for new wells and pipelines will remain in place until the end of the 2024 municipal tax year, after which wells and pipeline constructed during this three-year period will become taxable. The measures to promote the viability of mature assets (the 35 per cent assessment reduction for shallow gas wells and additional depreciation adjustments on lower-producing wells) will remain in place until the Assessment Model Review for these properties is complete.

Assessment Model Review Stakeholder Engagement

To reinitiate the Assessment Model Review process for regulated property assessment, a stakeholder steering committee, comprised of municipal, assessment, and impacted industry stakeholders, completed an engagement plan for a more transparent and inclusive review process. In 2023, the steering committee provided the Assessment Model Review Engagement Plan to the government for consideration. The result is a plan for the Assessment Model Review that is deliberate, evidence-based, and stakeholder-driven.

The review of the foundational policies for regulated assessment, including the system principles, the assessment year modifiers that adjust costs from year-to-year, and the Construction Cost Reporting Guide, will occur in 2024. Any resulting policy and regulatory changes will be considered by government in early

2025. Reviews of the assessment models for individual property types are planned for 2025 through 2027, in two stages.

These reviews will be followed by broad consultation with municipalities and industry to consider the impacts of the new assessment models on taxation. Discussions about potential impacts will also include potential implementation and impact mitigation strategies. A final decision by government on changes to assessment models is expected in 2028.

1.3 Work with municipalities to provide a legislative and regulatory framework that ensures municipal decisions minimize red tape and barriers to investment.

Local Authorities Election Act

The *Local Authorities Election Act* establishes the framework for local authorities – including municipalities, school boards, Metis Settlements, and irrigation districts – to conduct elections. Municipal Affairs routinely reviews the legislation following each municipal general election to ensure it is current and responsive to evolving local needs. A number of concerns were raised by municipalities and by electors in letters to the Minister during the October 2021 local election period, regarding privacy of elector information, candidate eligibility, candidate disqualification, financial disclosure of issue-based third-party advertising, and election recounts. Over the past two years, the ministry focused on enhancing candidate accountability, protecting electors, and strengthening democratic processes.

Sessions were held in summer 2022 with participation from municipal associations including Alberta Municipalities, the Rural Municipalities of Alberta, the Local Government Administration Association of Alberta, the Alberta Rural Municipal Administrators' Association, and the Alberta Municipal Clerks Association. In addition to these sessions, an online public survey captured feedback from 910 Albertans.

An online public survey was posted from November 7 to December 6, 2023, capturing feedback from 7,689 Albertans. Overall, respondents to the public survey supported changes to strengthening fairness and transparency in elections, such as maintaining advance voting opportunities and ensuring that all third-party advertisers register and disclose financial statements. Survey respondents also supported establishing clear parameters and authority to postpone a local election due to extraordinary circumstances such as a natural disaster. There was strong opposition (70.4 per cent) among respondents to establishing a more prominent role for municipal political parties.

Work on the *Local Authorities Election Act* continued in October 2023, with a second round of engagement sessions with municipal stakeholders in which the following topics were discussed:

- Vouching and attestation.
- Protection of personal information on elector lists.
- Rules for election postponement in case of unforeseen circumstances.
- Political parties.
- Advance voting.
- Special ballots.
- Runoff elections for chief elected officials.

The ministry will continue to work toward bringing forward amendments to the *Local Authorities Election Act* that address the concerns regarding public trust in local elections as well as concerns raised after the 2021 election. These changes will be implemented prior to the next municipal general election in October 2025.

Some of the red tape reduction changes in the *Local Authorities Election Act* include: allowing for multiple forms of payment for nomination fees, expanding the use of special ballots, and removing the ability to object to an elector.

Municipal Government Act

The *Municipal Government Act* provides the primary legislative framework for Alberta's municipalities and regulates how municipalities are funded, governed, meet the needs of their citizens, and plan for growth.

In fall 2023, various amendments were made to the *Municipal Government Act* via the *Miscellaneous Statutes Amendment Act, 2023*. These amendments improved clarity when interpreting the *Municipal Government Act* by providing new and updated definitions, standardizing time periods, and updating cross-references between pieces of legislation.

Councillor accountability was identified as an ongoing issue by residents and municipal councils, and there are limitations to the current suite of policy tools. Recognizing that accountability fosters transparency and trust in the democratic process, Municipal Affairs engaged with municipal administrators, elected officials, municipal associations, and the public on key areas of interest in both 2022 and 2023.

In addition to a public survey in 2022 – focused on councillor code of conduct requirements and disqualification criteria – a second survey in 2023 invited Albertans to share their perspectives on the various rules that councillors should follow to serve their community in an effective and responsive manner. In this second round of engagement, the following seven topics were identified as potential areas that might be amended in the *Municipal Government Act*:

1. Councillor training.
2. Disqualification process for councillors.
3. Clarifying conflict of interest disclosure – specifically pertaining to non-financial conflicts of interest – by council candidates.
4. Allowing council to meet in private.
5. Cabinet's authority to remove a councillor.
6. Clarifying financial conflicts of interest (i.e., pecuniary).
7. Changes to recall petition threshold.

Discussions were undertaken with municipal associations, and feedback was gathered through virtual sessions, written submissions, and an online public survey (6,827 survey responses were received).

Some of the red tape reduction changes in the *Municipal Government Act* include clarifying who the assessed person is for the purposes of electrical system generators and providing regulation-making authority to the Minister to right-size the joint use planning agreement requirements.

The ministry will continue to work toward bringing forward amendments to the *Municipal Government Act* to address the priorities and concerns identified through stakeholder and public engagement.

Edmonton and Calgary City Charter Amendments

The City Charter regulations came into effect in April 2018 and provide Calgary and Edmonton with the flexibility and tools to effectively manage local matters and address challenges flowing from the size and

complexity of the two cities. These regulations provide the Government of Alberta with the ability to create specific rules that apply only to the two big cities.

Addressing housing costs and maintaining housing attainability are key priorities for the Government of Alberta. While most charter authorities are administrative in nature, some of the flexibilities with respect to planning raised concerns within Alberta's development community. Developers had concerns with provisions related to off-site levies, inclusionary housing, and environmental bylaws exceeding building codes – and the potential impact these provisions could have on the cost of new housing construction in the two cities.

Municipal Affairs met with representatives from both cities and the development industry (represented by the Building Industry and Land Development Association Alberta), to discuss an appropriate middle ground between the broad City Charter authorities and the concerns of the development industry.

Proposed amendments to the City Charters were posted online, as required by the *Municipal Government Act*, from December 18, 2023, to February 15, 2024, and will be reviewed by Cabinet before coming into force. The amendments are expected to improve information sharing and transparency between the cities and developers and alleviate rising housing costs in the two cities.

1.4 Evaluate the feasibility of changes to the Education Property Tax or other aspects of the overall framework of provincial financial supports to better assist municipalities with funding local priorities.

Education Property Tax Review

In August 2023, the Minister of Municipal Affairs was mandated to work with other impacted ministers to review the feasibility of amending the Education Property Tax to assist municipalities with retaining more funding for local priorities. Municipal Affairs led some preparatory work in 2023-24, to explore options and implications of changes to the Education Property Tax. The Government of Alberta is committed to engaging with potentially impacted stakeholders if significant changes are contemplated. While no decisions have been made at this time regarding changes to the Education Property Tax, the government will ensure no changes are made that would lead to reduced funding for education in the province; contravene the right to a separate education system under the Canadian Constitution; or otherwise undermine the quality of education offered to Alberta children.

1.5 Work with municipalities and industry to address the issues associated with unpaid oil and gas property taxes.

Unpaid Oil and Gas Property Taxes

The Government of Alberta is aware of the impact unpaid property taxes have had on rural municipalities. Most oil and gas companies pay their taxes, but overdue property tax owed by some companies has led government to take steps to address the issue. Municipal Affairs continues this work with the implementation of a quarterly monitoring process to collect and share municipal oil and gas tax arrears with the Alberta Energy Regulator. A new directive from the Minister of Energy to the Alberta Energy Regulator took effect May 1, 2023, and requires the mandatory payment of municipal tax arrears over \$20,000 as a necessary precondition for new well licences and approval of well licence transfers. The purpose of the directive is to encourage payment from operating companies with tax arrears and to ensure that growth in unpaid taxes does not happen again.

Municipal Affairs reported municipal arrears data to the Alberta Energy Regulator in May, June, September, and December 2023. Initial results indicate that active oil and gas companies with arrears are taking steps to resolve arrears or enter into payment arrangements with municipalities. Municipal Affairs will continue to

monitor this tool's effectiveness in addressing tax arrears and work with Alberta Energy and the Alberta Energy Regulator to make improvements where needed.

The December 2023 unpaid tax list collected by Municipal Affairs and sent to the Alberta Energy Regulator included about \$112 million in unpaid taxes reported by 56 municipalities. This included tax arrears and penalties for non-payment; and excluded unpaid taxes subject to payment agreements in good standing and taxes written off by municipalities as uncollectible. Results will continue to be monitored throughout the next fiscal year to determine the effectiveness of the directive.

Because reporting used for the purposes of the directive is different from that used in other surveys, it would not be appropriate to directly compare the figures, but preliminary evaluation of this program indicates that companies still in operation are being incentivized to pay their share of property taxes in order to continue to operate. Several municipalities have been able to recover unpaid property taxes from companies, either by full payment of unpaid taxes, or by entering into repayment agreements.

Requisition Credit Programs

Provincial Education Requisition Credit

The Provincial Education Requisition Credit 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 approved applicants with an education property tax credit equal to the uncollectible education property taxes on delinquent oil and gas properties. This means that municipalities are not responsible for remitting these uncollectable amounts to the province.

While the government has introduced a number of measures to support municipalities in dealing with the issue of unpaid taxes, the tax recovery process may take several years. The Provincial Education Requisition Credit program has been relied on to cover immediate shortfalls in unpaid property taxes while municipalities pursue other methods of recovery.

Municipal stakeholders continue to react positively to the Provincial Education Requisition Credit program. To date about \$30.6 million in education tax credits has been paid out to 52 municipalities. While the 2023-24 budget was \$15 million, only 34 applications were received from municipalities for a total claim of \$2.2 million. The credits provided under the program appear to have peaked in 2021-22 and the number of applications has been either declining or flat since then.

While demand is declining, there is still a need for the program, and the Provincial Education Requisition Credit program has been extended by an additional two years, to the end of the 2025 municipal tax year, with a reduced annual budget of \$3 million.

Designated Industrial Requisition Cancellations

The province introduced the Designated Industrial Requisition Credit program in 2019 to address concerns raised by municipalities about unpaid property taxes from designated industrial property owners. If the municipality is unable to collect the designated industrial requisition tax from a property owner, it does not have to remit the requisition amount to the government and can instead 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 were combined with the Provincial Education Requisition Credit program in 2020. 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 2023-24, 35 municipalities filed applications for the Designated Industrial Requisition Credit, for a total of \$70,719. This is a 17 per cent decrease from the 42 applications received from municipalities the previous year, and a 17 per cent increase in the total Designated Industrial Requisition Credit cancellation amount of \$60,622 from the previous year. There is a trending decrease in the number of applications, from 52 in 2021-22, to 42 in 2022-23, and to 35 in 2023-24.

Additionally, to remove unnecessary administrative burdens, municipalities are not required to remit designated industrial property requisitions under \$1,000 to the province, even though they are required to collect the requisition tax from designated industrial property owners. In 2023-24, requisitions under \$1,000 were cancelled for 208 municipalities, for a total of \$37,131.

1.a Performance measure: 5 to 1 Tax Ratio Compliance (under development)

This measure was under development in 2023-24 and introduced for the first time in the 2024-27 Business Plan as: *Number of municipalities not compliant with the 5 to 1 tax ratio*. It measures the number of municipalities not compliant with the legislated 5 to 1 tax ratio, which specifies the maximum spread between non-residential and residential property tax rates. A compliant tax ratio promotes economic competitiveness for municipalities and more equitable tax treatment for non-residential properties. Results will be reported in the 2024-25 Annual Report.

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 regional cooperation and growth management boards, including a review of the structure and effectiveness of the Calgary and Edmonton Metropolitan Region Boards, and a review of the legislative provisions with respect to Intermunicipal Collaboration Frameworks.

Calgary Metropolitan Region Board/Edmonton Metropolitan Region Board

The growth management boards for the Calgary and Edmonton regions are forums for complex discussions regarding economic growth and long-term sustainability in the province's largest metropolitan regions. The core mandates for these growth management boards are land use, regional infrastructure issues, and service delivery planning to accommodate future population and economic growth. The boards are responsible for creating stable, predictable environments in order to attract investment and compete with other large Canadian metropolitan regions.

Prior to the establishment of the boards, there were a significant number of intermunicipal disputes regarding development in the Calgary and Edmonton regions. The growth management boards allow for discussions about how to work together as a region to ensure sufficient land and servicing capacity that will accommodate residential, commercial, and industrial growth.

Nearly 69 per cent of Albertans live within the Calgary and Edmonton growth management board boundaries.

The Calgary Metropolitan Region Board is guided by its first growth plan, which took effect August 15, 2022. Highlights of the work completed by the Calgary Metropolitan Region Board over 2023-24 include exploring a Regional Transportation and Transit Master Plan to optimize existing regional transportation infrastructure; developing a Regional Economic Development Vision Framework to support economic development; updating the Water Roadmap to understand and protect water resources; building relationships with Indigenous Nations and communities – including the development of an Additions to Reserve framework; and creating an Environmentally Sensitive Areas Database to identify key environmental areas on a regional scale.

The Edmonton Metropolitan Region Board's second growth plan was approved in 2017. It established a Five-Year Interim Review Task Force in October 2022 to begin the required five-year review of the plan. The board's dispute resolution mechanism was successfully used to resolve a disagreement regarding Sturgeon County's Villeneuve Airport Area Structure Plan Regional Evaluation Framework application. Following multiple discussions and amendments to the Villeneuve Area Structure Plan, the Edmonton Metropolitan Region Board voted to approve the plan. Work led by the dispute resolution committee enabled all parties to move forward in a positive direction, demonstrating the value of the dispute mechanism and how the board continues to put collaboration, cooperation, and timeliness at the forefront in fulfilling its mandate.

Ministry Support for the Boards

Under the Alberta Community Partnership program, provincial funding to the growth management boards has gradually been reduced to the current level as the boards establish their respective growth plans and assume greater responsibility for funding their own operations. Regulations enable each growth management board to requisition operating funding from their members to reduce reliance on provincial funding. In 2023-24, the province provided \$1 million in funding to each board.

Intermunicipal Collaboration Frameworks

In 2018, Intermunicipal Collaboration Frameworks provisions came into force, reinforcing that one of the purposes of a municipality is “to work collaboratively with neighbouring municipalities to plan, deliver and fund intermunicipal services” as set out in Section 3 of the *Municipal Government Act*. This legislation requires municipalities that are not part of a growth management board, and who have common boundaries, to create a framework for the integrated and strategic planning, delivery, and funding of intermunicipal services. These agreements are intended to, over time, increase the efficiency of local service delivery while also addressing situations where some municipalities had refused to share in the costs of services used by their residents. The agreements are to be reviewed and renegotiated regularly.

Municipalities, the municipal associations, and the ministry have identified some challenges with the current requirements that arose during the negotiation and development stage of the agreements. These areas of concern include:

- a lack of clarity on which services are considered intermunicipal and should be included;
- confusion around the definition of some key terms;
- how to determine the sharing of costs for services;
- the role and authority of an arbitrator in relation to establishing an Intermunicipal Collaboration Framework; and
- the Minister’s authorities and “tools” to ensure the adoption of an Intermunicipal Collaboration Framework by all partners in the agreement.

In 2023-24, the ministry initiated a review of the Intermunicipal Collaboration Frameworks requirements in the *Municipal Government Act* to determine how the legislation could be improved to address these challenges. Information from Alberta Municipalities and the Rural Municipalities of Alberta was received by way of reports and summaries of consultation with their stakeholders, as well as through formal convention resolutions requesting changes to the Intermunicipal Collaboration Frameworks provisions.

In early 2024, the ministry consulted with municipalities and their associations by inviting written feedback through an online questionnaire on their main concerns and gaps in the legislation. The ministry received more than 180 completed questionnaires. Concurrently, four targeted discussion sessions with municipalities and municipal associations were held to explore input gathered from the submissions in greater depth. This feedback will help inform legislative changes planned for consideration in 2025.

The timeframe to bring amendments forward will ensure there is time for municipalities to become familiarized with the amendments before the next round of Intermunicipal Collaboration Frameworks negotiations.

In recognition of the fact that the ministry is reviewing and considering amendments to the Intermunicipal Collaboration Frameworks requirements, Ministerial Order No. MSD: 024/23 extended the deadline to update Intermunicipal Collaboration Frameworks to March 31, 2027.

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

Alberta's Municipal Measurement Index

In December 2020, Municipal Affairs released an interactive Municipal Measurement Index dashboard, a web-based application (www.alberta.ca/municipal-measurement-index.aspx) that provides Albertans with easy-to-access information about their community's financial and business indicators. Using the application, Albertans can explore and compare the information for all Alberta municipalities. The data spans several years and is refreshed regularly as new information becomes available. Through this tool, Albertans can create their own intermunicipal, or year over year, comparisons on factors such as property tax rates, property tax burden, composition of property tax base, revenue and expenses, and debt information – with an end goal of improving municipal transparency and accountability.

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 are prepared. The 2023-24 municipal indicators results reflect the 2022 calendar year (January 1 to December 31, 2022), during which Alberta municipalities were recovering from the pandemic and a global economic slowdown. The percentage of municipalities deemed not to potentially face long-term viability challenges based on financial and governance indicators for 2022 was 93 per cent, exceeding the 90 per cent target. It was slightly higher than the 2021 number, and while still among the lowest results seen in the past five years, it could signal municipalities are recovering. The target was set conservatively based on historical results.

Twenty-three municipalities were deemed to potentially face long-term viability challenges based on risk indicators in 2022, two fewer than 2021. Twelve of these 23 municipalities were subject to at least one legislative ministerial action. One municipality had a note regarding “going concern” in its audit report. The remaining 10 municipalities flagged three or more non-critical indicators.

The most frequently flagged non-critical indicator was “Tax Collection Rate”; the second was “Interest in Municipal Office.” It is not surprising to see reduced interest in municipal by-elections immediately following a general election year (the last general election took place in October 2021).

Overall, in 2022, Alberta municipalities performed similarly to 2021. Although fewer municipalities were deemed to potentially face long-term viability challenges, about 10 per cent more municipalities flagged the indicators related to tax collection and infrastructure investment. This could, if the trend continues unchecked, affect the quality of municipal services, and hamper long-term economic growth.

Municipal Accountability Program

The Municipal Accountability Program assists municipalities in developing capacity to ensure compliance with mandatory sections of the *Municipal Government Act* and other pertinent legislation such as the *Local Authorities Elections Act* and the *Libraries Act*. The program is designed to provide an opportunity to highlight the excellent work municipalities are doing to comply with legislation, while also informing municipalities about recent legislative amendments. The program also helps to proactively identify and resolve any irregular, improper, or improvident actions within the municipality's operations that may have the potential to result in significant concerns. These concerns can eventually evolve and cause tensions within the municipality or create long-term viability concerns.

Municipal inspections are an extraordinary measure that can identify major issues of noncompliance with legislative requirements and potential areas of noncompliance. Inspections can often be contentious and even acrimonious. The Municipal Accountability Program effectively mitigates requests for in-depth municipal inspections, which require significant investment of financial and human resources of both the ministry and the municipality involved. The program is an important mechanism to build the public’s confidence in the administration of municipalities.

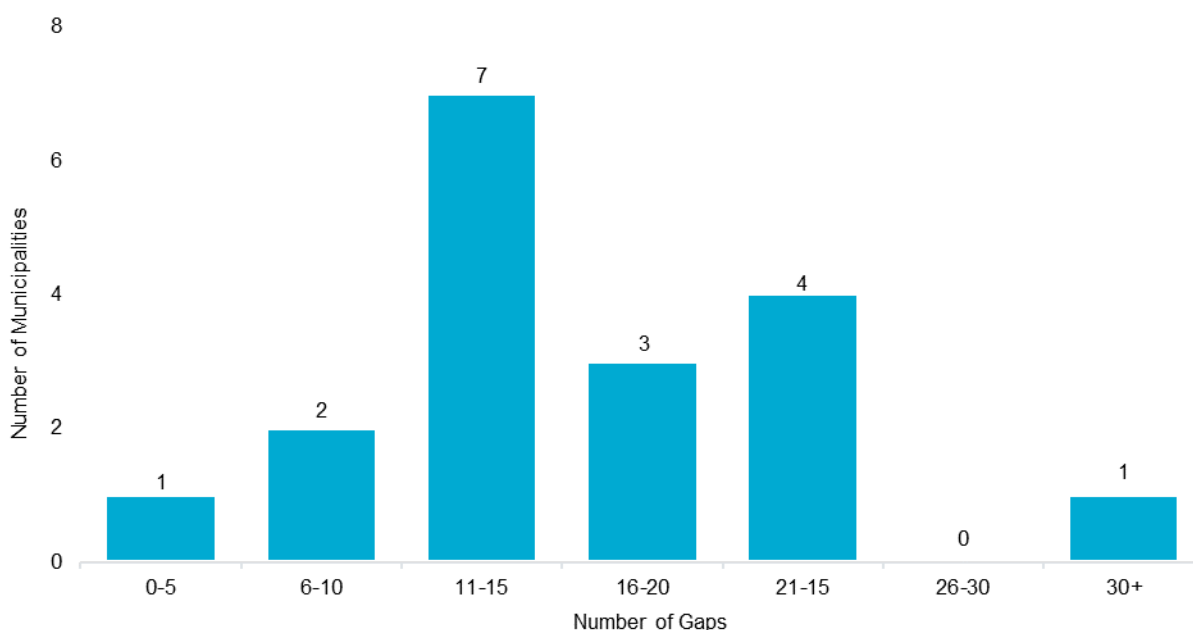
All municipalities with populations of 2,500 or less participate in the program. Municipalities with higher populations may request Municipal Accountability Program reviews from the Minister.

The first cycle of the Municipal Accountability Program (2018-22) focused on a set list of 57 “musts” and “shalls” in the *Municipal Government Act*, the *Local Authorities Election Act*, the *Emergency Management Act*, and regulations. Cycle 1 met the program objectives of improving municipal administration and governance and building strong collaborative relationships between the chief administrative officers and the ministry. In 2023-24, the ministry continued to support the client municipalities of Cycle 1. As of March 31, 2024, 18 municipalities had completed their Municipal Accountability Program Cycle 1 reviews, and were legislatively compliant, bringing the total completed Cycle 1 action plans as of March 31, 2024, to 170 out of 216. Forty-six Cycle 1 action plans remain to be completed by municipalities in 2024-25.

The reporting period for the program is undergoing a transition to align with the provincial fiscal year, rather than the calendar year, which was done previously.

Of the 18 reviews completed in 2023-24, the rate of non-compliant legislative gaps varied from five out of 57 (91 per cent compliant) to 33 out of 57 (42 per cent compliant). The graph below illustrates the number of non-compliant legislative gaps identified in the 18 reviews completed.

Number of Legislated Gaps Identified in Municipalities, 2023-24



An objective of the program is that client municipalities have mitigated any existing or potential issues that could have been caused by their legislative non-compliance. In Cycle 2, the ministry anticipates that client municipalities will be shown to be maintaining their legislative compliance.

Cycle 2 of the Municipal Accountability Program commenced in 2023 and will be implemented through 2028. It presents an opportunity for the program to add value by adapting the review to the needs of municipalities, expanding the legislative scope, and developing modules specific to various local issues.

The primary focus of Cycle 2 will be on cyclical policy areas such as taxation, tax recovery and other financial processes. Discretionary bylaws and policies, as well as mandatory bylaws that have been amended will also be a core part of this cycle. Client municipalities may request reviews of additional legislative requirements that are relevant to them. Also, municipalities outside the target group may request a voluntary review.

In 2023-24, eight Municipal Accountability Program Cycle 2 reviews were initiated through virtual program visits with the chief administrative officers of the client municipalities. The smaller number of scheduled reviews was due to time needed to design Cycle 2 of the program and other significant priorities, such as the results on municipal inspections, as described below. In 2024-2025, the Municipal Accountability Program expects to conduct 47 reviews.

Municipal Inspections

Under the *Municipal Government Act*, municipalities have broad authority and autonomy, and municipal councils have the powers necessary to develop and maintain safe and viable communities, balanced by their accountability to the citizens who elect them. However, in rare instances the Minister of Municipal Affairs may choose to order an inspection into the management, administration or operation of any municipality or regional services commission.

Inspections can be undertaken on the Minister's initiative or following a request of an elected council or a member of a regional services commission or following submission of a sufficient petition to the Minister under Section 571 of the *Municipal Government Act*. Typically, inspections have been ordered when, in the Minister's opinion, significant governance and/or management concerns exist.

An inspection typically follows the following process:

- Ministry staff conduct a preliminary review to help determine if significant concerns exist that warrant the Minister to order an inspection.
- Upon ordering an inspection, the Minister appoints a person, typically an independent third party, to carry out an inspection of the municipality and provide a report on the findings and recommendations.
- The Minister determines whether directives will be issued by Ministerial Order for the municipality or regional services commission to undertake certain actions to address concerns.
- The Minister monitors completion of the directives and determines whether any further orders are required.

The Municipal Accountability Program has involved 216 municipalities, or 63 per cent of all municipalities in Alberta.

Of the 216 reviews conducted from January 2018 to March 31, 2024, 167 have been completed by the municipality to the satisfaction of the Minister:

- 46 of 46, or 100% of 2018 reviews.
- 58 of 61, or 95% of 2019 reviews.
- 34 of 39, or 87% of 2020 reviews.
- 24 of 43, or 55% of 2021 reviews.
- 5 of 27, or 18% of 2022 reviews.

In 2023-24, one inspection carried over from 2022 (City of Chestermere) and two inspections (Village of Andrew and the City of Chestermere financial inspection) were initiated.

City of Chestermere

On May 9, 2022, the Minister appointed a municipal inspector for the City of Chestermere, following concerns from Chestermere residents, current and former employees, and elected officials. The inspection report was submitted in September 2022, and contents of the inspection report and the Minister's proposed directives were shared in a meeting with city council and senior administration on November 2, 2022.

Twelve binding directives requiring the city to act were issued through a Ministerial Order and communicated to the city on March 15, 2023. The Minister also extended the appointment of the official administrator, first appointed in September 2022 to supervise the municipality and its council, until December 31, 2023.

On August 2, 2023, the Minister met with Chestermere City Council and senior administration to explain his concerns with the city's progress on the ministerial directives and their compliance with the official administrator's supervision. The city was invited to provide a written response to the concerns by September 29, 2023. Following a review of the city's response, on October 18, 2023, the Minister issued notice of his intention to order the dismissal of all members of Chestermere City Council and the city's three chief administrative officers. The Minister invited written responses to the notice by November 2, 2023.

After considering the responses received, on December 4, 2023, the Minister dismissed four members of council and all three chief administrative officers by Ministerial Order. An official administrator was appointed with all the powers and duties of the council and an interim chief administrative officer was appointed until a by-election is held for the vacant council positions and quorum is restored, after which, council can recruit a permanent chief administrative officer.

On December 4, 2023, the Minister also announced his intention to undertake a financial review of the city and on January 24, 2024, appointed Deloitte Inc. to conduct an inspection of the municipality in the form of a financial review. The inspection was completed in May 2024.

Village of Andrew

On April 27, 2023, the Minister ordered an inspection of the Village of Andrew in response to a request made by the village council in March 2023. A third-party inspector was appointed and delivered the inspection report to the Minister and the village council on October 25, 2023. On November 22, 2023, the ministry shared with the village council a confidential list of proposed actions for the village to take, and provided the council until January 3, 2024, to respond, which they did on January 2, 2024. On January 30, 2024, 11 binding directives were issued by Ministerial Order requiring the village to act, which was communicated to the village council and the public on February 28, 2024. Included in these directives, the village must report monthly on its progress until the Minister is satisfied that all the directives have been completed adequately.

Recall of Municipal Councillors

Recall of municipal elected officials through recall petitions became possible for the first time in April 2023. Since then, 11 recall petitions were initiated in nine municipalities. Of the 11 petitions to date, one was sufficient, four were found to be insufficient, one was cancelled as the subject resigned, and five remain active as of the end of the 2023-24 fiscal year.

The ministry is seeing increased interest in this process and is monitoring feedback received on its implementation to inform future improvements that are under consideration.

Municipal Viability and Restructuring

Viability Supports for Municipal Indicators Results

In 2017, Municipal Affairs adopted 13 performance indicators to help identify potential municipal viability issues. Since 2018, municipalities have been expected to meet the benchmark for all critical indicators and the benchmark for nine or more of the non-critical indicators. The ministry monitors and reports on the results of these indicators annually and works directly with municipalities if concerns are identified.

In 2022, the ministry adopted an approach that ensured municipalities not attaining the defined benchmarks for three consecutive years would meet with ministry staff to review their indicator results.

In 2023, the ministry provided advisory support to five municipalities that did not attain the defined benchmark for the municipal performance indicators in three consecutive years (2019, 2020, and 2021). This proactive approach continues to use the data supplied by municipalities to provide additional support customized to the unique circumstances of these communities.

An advisory support meeting was held with each of the five municipalities to review their municipal indicator results and provide additional support as required. Prior to the advisory visit, the ministry reviewed and analyzed each municipality's municipal indicator results, finances, grant history, Intermunicipal Collaboration Framework agreements, and advisory history.

The purpose of these meetings is to help clarify the specific challenges and risks each municipality is experiencing, ensure the municipality has received the necessary advice, and is made aware of existing ministry tools and supports. These meetings also serve to inform the ministry if more substantial viability risks have emerged and whether viability screenings are warranted or whether the challenges could be addressed through alternative supports or tools.

It is essential the ministry understands local issues and concerns before initiating a formal legislated process, which may result in very significant and permanent outcomes if a dissolution were to occur.

During this time period (2019-21), the Town of Manning, and the villages of Beiseker, Berwyn, Myrnam and Hussar did not attain the defined municipal indicators benchmark.

Of these five municipalities:

- four of them had advisory visits in 2022, including the Town of Manning, and the villages of Beiseker, Berwyn, and Hussar (due to a restatement of financial statements, the Village of Myrnam was added in 2023);
- two were submitting their final action and capital plan updates to satisfy directives issued on completion of a viability review (villages of Berwyn and Hussar); and
- one had undergone a viability review in the last five years (Town of Manning) and continues to address and report on ministerial directives issued to support viability.

No viability screenings were recommended following the results of the advisory support meetings.

Advisory support meetings will continue to be an annual occurrence moving forward.

Viability Reviews

The viability review process, enabled through the *Municipal Government Act*, provides a framework to evaluate the viability of a municipality encountering significant challenges. This process includes drafting a municipal viability report with input from diverse stakeholders, sharing this report with the public, and conducting a vote of local electors. This vote may lead to the issuance of directives and the implementation of an action plan to address viability issues, or to municipal dissolution. Through dissolution, the municipal corporation ceases to exist, 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, municipal associations, residents, other stakeholders, and the ministry. These reviews typically take 12-18 months and look at a municipality's governance, finances, infrastructure, and services to determine what changes are required for the community to remain viable. 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.

There are currently three viability reviews in progress: the Village of Delia (approved by the Minister in January 2023); the Village of Bittern Lake (approved by the Minister in October 2023); and the Summer Village of Ma-Me-O Beach (initiated by the Minister in December 2023).

Since the viability review process was reformed in 2012, Municipal Affairs has remained open to continuous improvement and feedback from municipalities and associations to implement a process that best reflects the intended policy objectives and delivers results for Albertans. The ministry acknowledges there is much discussion occurring among municipal stakeholders on whether the ministry's policy objectives, programs and supports for municipal viability should be adjusted based on shifts in the sector, such as the effects of changes in the fiscal environment and infrastructure management. In 2024-2025, Municipal Affairs will engage with the municipal associations on a policy review of the relevant legislation, programs and supports for municipal viability.

Alberta Community Partnership Program

The Municipal Restructuring component of the Alberta Community Partnership program provides grants to municipalities undertaking viability reviews or restructuring activities, including dissolution or amalgamation. In 2023-24:

- \$120,000 was provided to the Village of Bittern Lake for an infrastructure audit in support of the municipality's viability review.
- \$120,000 was provided to the Summer Village of Ma-Me-O Beach for an infrastructure audit in support of the municipality's viability review.
- \$100,000 was provided to the Town of Two Hills for a regional governance study project to explore municipal restructuring with the Village of Myrnam and the County of Two Hills.

Viability reviews can be initiated in three ways:

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

Post Viability Review Supports

Following a municipal viability report, should a municipality vote to remain independent, the Minister issues directives to promote viability. The ministry works with these municipalities to ensure adherence to the directives. In 2023-24, the ministry supported the following municipalities in achieving directive compliance:

- Village of Bawlf, Year 3 of 5 (must carry out directives by 2025).
- Town of Manning, Year 3 of 5 (must carry out directives by 2025).
- Village of Halkirk, Year 1 of 5 (must carry out directives by 2027).
- Village of Warner, Year 1 of 5 (must carry out directives by 2027).

In 2023-24, the ministry supported the following municipalities in satisfying all relevant issued directives:

- Village of Berwyn.
- Village of Champion.
- Village of Hill Spring.
- Village of Hussar.
- Village of Innisfree.
- Village of Rycroft.

To ensure the village remains on a path to viability, the Village of Berwyn submitted a request to the Minister asking for an extension to the village's annual reporting submission requirements. In response, the Minister issued a Ministerial Order extending this requirement to 2026.

Other Municipal Restructuring in 2023-24

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.

- The Village of Caroline and Clearwater County have initiated amalgamation negotiations. These proceedings are in the early stages and the ministry anticipates receiving a report in the next fiscal year.
- The Town of Two Hills, County of Two Hills, and Village of Myrnam have initiated a regional governance study project with funding from the Alberta Community Partnership grant. This study will explore municipal restructuring options between the municipalities.

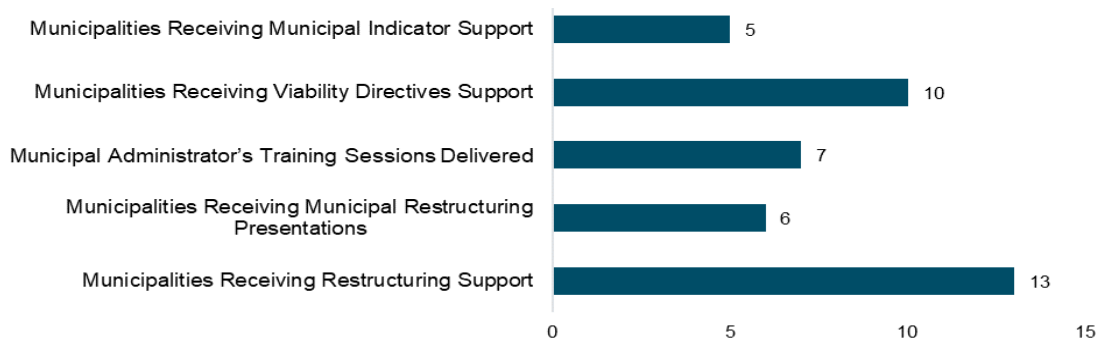
Overall, the number of viability reviews remains very small in the context of Alberta's municipal sector.

In addition to supporting municipalities that have been issued directives because of a viability review, and transitional support following amalgamation and dissolution, the ministry continues to provide advisory support, including presentations to municipalities exploring municipal restructuring. These presentations help

municipalities understand the differences between the dissolution and amalgamation processes, and funding opportunities available through the Alberta Community Partnership grant.

The following graph represents activities related to viability reviews and other municipal restructuring support provided in 2023-24:

Viability Reviews and Other Municipal Restructuring Support Provided in 2023-24



Municipal Internship

The Municipal Internship program provides grants to municipalities and planning services agencies that participate as hosts to land use planner, finance officer, or municipal administrator interns. Alberta's Municipal Internship program is one of the most comprehensive programs of its kind in Canada, providing funding and capacity-building support to municipalities across the province.

In 2023-24, the ministry provided \$960,000 in grant funding to 16 municipalities to cover the costs of hosting six administrator interns, five finance officer interns, and five land use planner interns for 18-month work terms starting in May 2024. To ensure interns and host municipalities were set up for success, the ministry provided approximately 500 hours of training and coaching support. With the 16 new professionals participating in the 2024 program, 365 interns have now taken part in this nationally renowned initiative.

As the longest running program of its type in Canada, Alberta's Municipal Internship program continues to support Alberta's municipalities and planning services agencies to provide jobs for recent post-secondary graduates who are eager to pursue careers in municipal government.

Intermunicipal Dispute Resolution Services

The ministry offers proactive support to local governments as they explore ways to resolve conflicts, build better relationships, and improve communication between municipalities that share common boundaries or shared services. 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 involve annexation, land use planning, cost-sharing, or a desire for improved relationships.

More than 110 municipalities and seven planning services agencies have participated as internship hosts since the program's inception in 2002.

An advisory committee composed of the municipal associations, the Alternative Dispute Resolution Institute of Alberta, and the Canadian Bar Association has supported the ministry's dispute resolution work. To date, the ministry has supported a total of 162 mediations with an overall success rate of 86 per cent since the initiative's inception in 1998.

As part of the intermunicipal dispute resolution process, municipalities will hire private-sector mediators and, when appropriate, the ministry may cover one-third of the funding for mediation. The ministry maintains a roster of private-sector mediators with the assistance of representatives from the municipal associations and the Alternative Dispute Resolution Institute of Alberta. This roster gives municipalities access to a list of mediators with relevant training, experience, and an interest in intermunicipal mediation.

Collaborative Governance Initiative

The Collaborative Governance Initiative offers proactive support to local governments to explore ways to build better relationships and improve communication and conflict management internally – within municipal administrations, between an administration and a council, within a council, or between a municipality and the public.

Through the Collaborative Governance Initiative, the ministry will assist by:

- assessing the most appropriate method to improve communication and strengthen relationships;
- providing information sessions, training, and assessments of specific situations;
- offering guidance on alternative dispute resolution options; and
- helping to access funding from the Alberta Community Partnership program.

Funded projects and initiatives are typically multi-year in scope, with the ministry providing ongoing support.

In 2023-24, the ministry provided \$50,000 in funding support through the Mediation and Cooperative Processes component, Collaborative Governance Initiative of the Alberta Community Partnership grant for one request for mediation assistance involving development of a recreation cost-sharing agreement under an Intermunicipal Collaboration Framework. As municipalities have started to review their initial Intermunicipal Collaboration Frameworks and the ministry is currently reviewing legislative provisions for these frameworks, with expected policy changes to come in 2025, the ministry anticipates an increase in requests for mediation funding assistance in 2024 and future years.

Regional Services Commissions

Regional services commissions are a long-standing and successful form of governance for the delivery of services on behalf of municipal members. Regional services commissions have their own distinct legal status and operate independently from the member municipalities, providing their own administration and operations. The board of directors of each commission provides governance and oversight, with boards comprising councillors from the member authorities, and any directors-at-large.

As a commission, municipal authorities work collaboratively with each other to deliver effective and accessible services that are responsive to the needs of their communities. These authorities may include municipalities, First Nations, Metis Settlements, and armed forces bases. Regional services commissions can deliver one or more services, including water, wastewater, solid-waste management, economic development, property assessment, emergency services, land use planning, and transit.

The streamlined provisions put in place in 2020 in the *Municipal Government Act* removed the need for ministry approval in the following areas: passing or revising board-of-director appointment bylaws; disposals of assets; and provision of services outside of members' boundaries.

In 2023-24, no new regional services commissions were established, and one was disestablished.

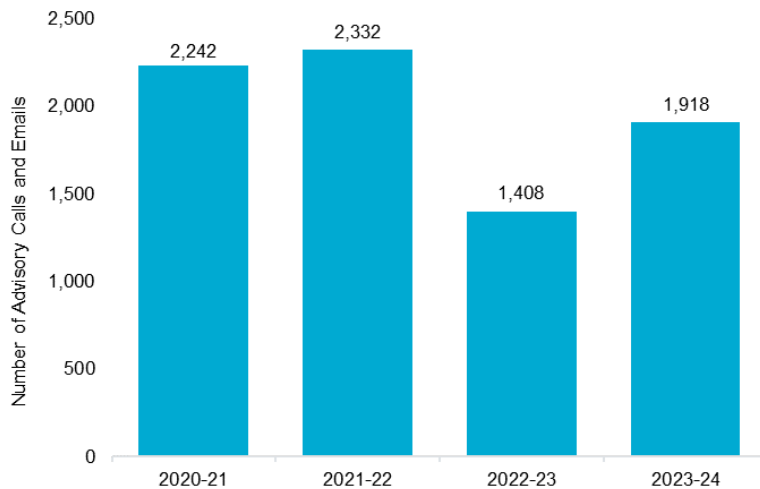
As municipalities continue to seek efficiencies in service delivery for their residents, it is expected regional services commissions will continue to be a valuable regional option.

Ongoing Advice, Resources, and Training

Municipal Advisory Support

An important component of the work done by the ministry is to provide timely and relevant support to municipalities and Albertans on a wide range of topics, including municipal governance, administration,

Number of Advisory Calls and Emails Received, by Year



petitioning, by-elections, planning, finance, and taxation. In 2023-24, there was a slight increase in inquiries from Albertans and municipalities and a return to numbers seen prior to 2020. This year, a significant number of the inquiries were related to land use planning and accountability of elected officials. Questions on these two topics often related to the processes by which a municipality could amend its land use bylaw, including requirements for public participation. On accountability of elected officials, concerns were frequently expressed about the actions or statements of individual councillors.

The adjacent chart illustrates the number of advisory calls and emails in the last four fiscal years. It illustrates the fluctuating nature of inquiries received by the ministry.

Another key component of providing advisory support to Albertans is responding to inquiries from Albertans and municipalities. In 2023-24, in addition to the 1,918 calls and emails, advisory services responded to more than 1,000 Action Requests and Telephone Action Requests. An Action Request is created based on correspondence being received from the public, within a ministry or other ministries. A Telephone Action Request is when an individual has contacted the department (usually through an MLA or the Minister's office) and a request has been actioned to the branch to contact the individual directly via a phone call.

Training Offered/Delivered

In 2023-24, the ministry increased training opportunities for municipalities and continued visiting new chief administrative officers.

The ministry completed 17 visits with new chief administrative officers in 2023-24; nine were in-person and eight were virtual. These meetings provide an opportunity to share best practices, outline legislative requirements, and help build relationships with municipal administrations. Two additional sessions supporting communication and conflict style management were also offered to administrators through in-person training. Furthermore, several customized roles and responsibilities workshops were held for specific municipalities.

This year, the ministry ramped up its annual training through the Municipal Affairs Administrator's Training Initiative, offering a suite of training sessions both in-person and virtually, including two in-person events in Stony Plain and Northern Sunrise County. More than 240 municipal staff attended the in-person and virtual sessions, which covered topics such as: by-election planning; finance; corporate planning and budgeting; restructuring and viability considerations; bylaw enforcement; accessible communications; library boards; recall petitions; and tax rate bylaw basics. Outside of the initiative, the ministry also completed a virtual tax rate webinar with 180 attendees.

Virtual training and meetings have provided significant flexibility to meet the needs of municipalities. In order to meet the changing technological landscape, the ministry continues to provide a broad suite of opportunities to engage with and support municipalities.

2.3 Provide grants to support delivery of municipal services, improve quality of life in local communities, and enhance municipal viability and regional collaboration.

Municipal Sustainability Initiative Operating Funding

In 2023-24, the Municipal Sustainability Initiative provided \$58.2 million in operating funding to local governments. This funding supports capacity-building activities that improve efficiency and effectiveness, municipal service delivery, planning activities, and contributions to non-profit organizations. While the budget was for \$60 million in operating funding, the Regional Municipality of Wood Buffalo requested \$1,833,848 to be transferred to its capital funding.

To help local governments continue to provide municipal services Albertans need and rely on, annual funding under the operating program doubled from the \$30 million budgeted in 2022-23 to \$60 million in 2023-24. This increase acknowledged the increased operational costs caused by high inflation and other fiscal pressures. In 2024-25, the Municipal Sustainability Initiative Operating program will be replaced by the Local Government Fiscal Framework Operating program.

In 2023-24, local governments transitioned to a new online Municipal Sustainability Initiative Operating portal. The new online portal reflects Municipal Affairs' approach to modern solutions for grant management while enhancing reporting, security, and accessibility. The new portal provides a simplified view of historic Municipal Sustainability Initiative Operating grant information, including financial and payment information. The portal will continue to be used for delivering Local Government Fiscal Framework Operating funding, specifically for year-end reporting.

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.

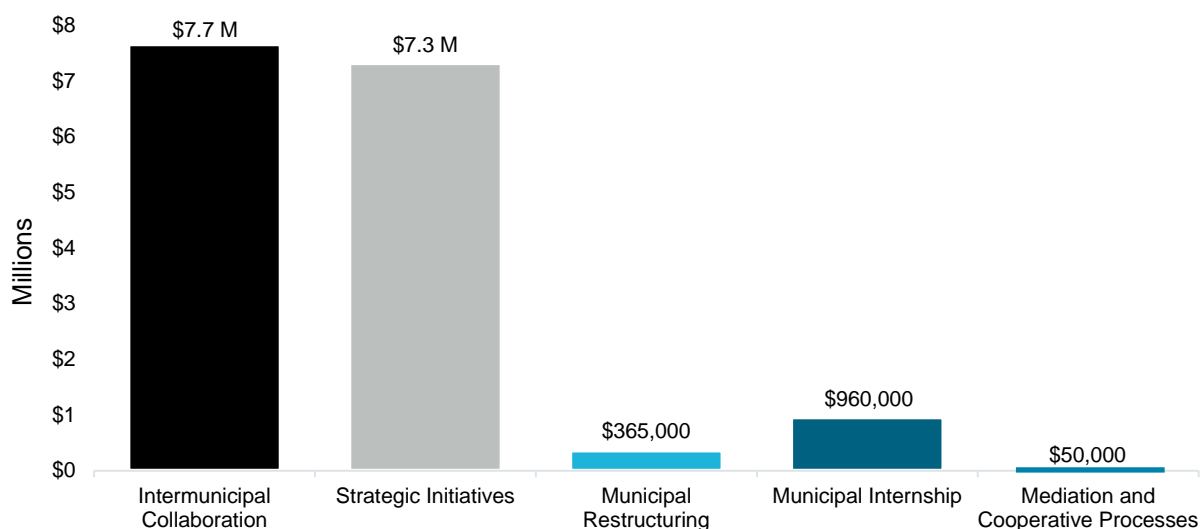
The budget for the 2023-24 Alberta Community Partnership program was \$15.4 million, with grants totaling \$16.4 million, supporting projects as follows:

1. Intermunicipal Collaboration (\$7.7 million).
2. Strategic Initiatives – which includes support for growth management boards, organizations promoting municipal professional development, and projects of intermunicipal and strategic significance (\$7.3 million).
3. Municipal Restructuring (\$365,000).

4. Municipal Internship (\$960,000).
5. Mediation and Cooperative Processes (\$50,000).

Due to an abundance of high-quality projects, surplus funds (\$950,000) available from within the ministry, funded additional Alberta Community Partnership programming.

Alberta Community Partnership Program, by Component (Total Grants Delivered in 2023-24)



Intermunicipal Collaboration

The Intermunicipal Collaboration component of the Alberta Community Partnership is a competitive grant program that provides funding 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, economies of scale in the provision of services, resource optimization, and better access to services for Albertans. Projects funded include regional plans for emergency preparedness and disaster mitigation, infrastructure management strategies, land use, water supply and distribution, and economic development and investment attraction.

Intermunicipal Collaboration funding also supports provincial priorities, specifically: enhancing government services; growing Alberta's economy; and supporting fiscal sustainability.

Funding under this component supported the following priorities in 2023-24:

- Exploring economic growth and regional service planning initiatives.
- Governance model options that consider alternative operational frameworks or policies.
- Evaluating infrastructure priorities.
- Determining operational requirements for intermunicipal service delivery for project partners.

This component had strong demand this year (48 applications reviewed), with projects related to: health and safety; emergency preparedness/risk mitigation; operational efficiencies/reducing red tape; and economic growth/business continuity.

In 2023-24, the Intermunicipal Collaboration component provided \$7.7 million to municipalities across Alberta as they collaborated on 42 projects. These projects helped advance Municipal Affairs' mandate to directly support Alberta's local governments and enable municipalities to leverage targeted funding to advance regional priorities.

Funded Intermunicipal Collaboration projects from 2023-24 include:

Regional Watershed Management Model

The Town of Crossfield received \$200,000 to partner with the cities of Calgary and Airdrie, and Rocky View County to implement the Nose Creek Hydrologic, Hydraulic, and Water Quality Model as a municipal decision support tool.

The project is expected to result in a science-based, current-state-of-watershed assessment, including water supply management, water quality, land use, and climate change impacts. A final report will be produced, and the application of the model will guide local and joint municipal decision-making on watershed management strategies and inform the greater Nose Creek Watershed Water Management Plan.

Commercial and Industrial Asset Investment Attraction Plan

The County of Vermilion River received \$187,000 to partner with the counties of Athabasca, Lac La Biche, Minburn, St. Paul No. 19, Thorhild, and the Municipal District of Bonnyville, to develop a commercial and industrial asset investment attraction plan. Project partners intend to undertake a commercial and industrial study to identify potential land and building investor assets, develop a framework for delivering economic development information services, and support the creation of investment attraction tools to aid investor marketing activities within the region.

The project is expected to result in enhanced investment and economic development within the region. The development of a collaborative information services delivery framework and corresponding stakeholder investor tools will augment and streamline the coordination of economic development within the region.

Regional Water Treatment Study

The Municipal District of Opportunity No. 17 received \$200,000 to partner with Bigstone Cree Nation to conduct a regional water treatment study. The partners will conduct detailed analysis including geotechnical assessments, conceptual design work, and cost models to determine the most viable water treatment system for the proposed Wabasca-Desmarais Regional Water Treatment Plant.

The study is expected to produce information that will guide the prioritization of future water infrastructure planning and inform operational efficiencies. The project seeks to ensure the health and safety of the region's residents through the development of a reliable water system. Other benefits of the study include the enhancement of accountability within the regional water system, potential cost efficiencies, increased awareness of regional water operations within the community, and the attraction of investment and economic development.

Regional Housing and Utilities Master Plan

The Town of Coronation received \$200,000 to partner with the County of Paintearth to develop a Regional Housing and Utilities Master Plan. The project partners will retain consultants to conduct an analysis of municipal servicing requirements to prepare for and support future housing growth. The master plan will

identify future development opportunities critical to the region's growth and sustainability and identify opportunities for regional cooperation.

The project is expected to result in a housing and utilities plan that proactively addresses future housing growth within the region, including the expansion of road networks and utilities infrastructure. The plan is also expected to inform municipal and commercial development policies and strategies, support economic growth, and address social issues such as affordable housing within the region.

Strategic Initiatives

On occasion, the ministry has the opportunity to support projects of strategic significance that fall outside the scope of the other funding components but align with ministry and provincial priorities. In 2023-24, the strategic initiatives funded by the ministry included:

Athabasca County: Highway 63 Emergency Response and Road Rescue Services

Athabasca County received \$960,000 in funding to support Highway 63 emergency response and road rescue services within Athabasca and Lac La Biche County to August 2026. The funding will also provide the county with the opportunity and time to explore a cost-sharing framework or plan for road rescue services in the region. This initiative is expected to improve the sustainability of Highway 63 road rescue services.

This project will reduce risks to public health and safety while also improving outcomes for Albertans involved in traffic emergencies along a critical and isolated segment of highway essential to the province's economic prosperity.

City of Lethbridge: Water Treatment Plant Expansion – Detailed Design

The City of Lethbridge received \$2.8 million in funding to produce detailed designs for upgrading and expanding the water treatment plant to increase treated water capacity. The project includes design work related to high-rate clarifiers, HVAC upgrades to address corrosion, filter improvements, ultraviolet disinfection upgrades, and other chemical system upgrades to increase capacity and replace end of life infrastructure. The scope of work will also include preliminary design for future upgrades.

This project will ensure water quality and treatment reliability to ensure the continued delivery of high-quality water to residents. The work will enable the city to meet projected increased water demands necessary to support the long-term growth and industrial expansion plans of the city.

Alberta Community Partnership Program Evaluation

The Alberta Community Partnership was launched in 2014, and though the individual components have been reviewed over the course of the program, a full evaluation of the program began in 2023-24. Municipal Affairs' evaluation of the program is intended to assess the degree to which the program has achieved its intended outcomes, and to assess the continued relevancy of the original program objectives. In 2023-24, a survey of local governments was conducted to assess overall satisfaction with the program and to assist in assessing potential changes to the program. In addition, an internal group was formed to assess internal processes with a goal of minimizing red tape.

2.4 Encourage infrastructure asset management to ensure municipalities have appropriate tools and resources to make sound decisions regarding local infrastructure and finances.

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 the quality of life of every Albertan. 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.

Local governments are essential partners of the Government of Alberta in providing infrastructure for Albertans. They are responsible for a significant amount of the infrastructure on which Albertans rely and do their part by strengthening their capacities to prioritize and plan for infrastructure spending with their available resources.

Asset management practices, which should 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 communities, so that decision-makers have the information needed 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 programs, the ministry 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. Both the Local Government Fiscal Framework Capital and Local Government Fiscal Framework Operating will continue to support asset management.

The ministry has conducted an annual survey of municipalities' asset management practices since 2017. Gathering this data every year enables the province to identify trends and measure changes to municipal asset management strategies and practices over time. Though challenges remain, since the survey was initiated, it has shown a general trend of improved asset management practices in local governments.

The Public Sector Accounting Board has introduced new accounting standards for financial reporting by municipalities, specifically to the new standard of Asset Retirement Obligations. Asset Retirement Obligations refers to legal obligations associated with the retirement of a tangible capital asset such as the removal of asbestos from a building that is no longer required by the municipality, or the closure and post-closure liabilities relating to landfill and other waste management sites.

To build awareness of this new accounting standard, and in response to requests from administrators to provide more support, the ministry developed a fact sheet for municipal administrations and undertook virtual training sessions with supporting hands-on resources. This new standard has also been included into the annual financial reporting template produced by the ministry.

2.5 Provide operating grants and capacity supports to Alberta’s public library boards and regional library systems, to ensure Albertans are served by accessible, well-managed and responsive library services.

Red Tape Reduction in the *Libraries Act* Legislation and Regulations

Municipal Affairs is responsible for the administration of the *Libraries Act* and Libraries Regulation. Work continued throughout 2023-24 to reduce red tape in both.

In 2019, Municipal Affairs staff met with library board members, public library staff, municipal councillors, municipal administrative staff, the Library Association of Alberta, the Alberta Library Trustees’ Association, and representatives from the Rural Municipalities of Alberta and Alberta Municipalities to discuss amendments to the *Libraries Act* and its associated regulation.

The ministry had further discussions with public library stakeholders in 2021, which reaffirmed the desire for a robust regulatory framework within which to operate. Overall, stakeholders did not express a desire to eliminate or vary many of the legislative provisions in the *Libraries Act* and indicated that they are generally satisfied with existing requirements.

The ministry will continue to work toward bringing forward amendments to the *Libraries Act* that increase flexibility for library boards while maintaining a strong governance framework to ensure that libraries are able to fulfill their role in the community.

Public Library Governance

In 2023-24, Municipal Affairs supported the enhancement of governance and management of public library boards through funding, network supports, in-person and online training, and direct advice to library stakeholders in response to queries.

Municipal Affairs staff provided advice and guidance to the Kainai Blood Tribe, Elizabeth Metis Settlement, and the Village of Myrnam as they each formed new library boards.

This year, Municipal Affairs held 20 in-person sessions and 28 virtual sessions for library and municipal stakeholders about strategic planning, policy development, library board governance, the *Libraries Act* and Libraries Regulation, and other topics. Some of these sessions were delivered as part of the ministry-wide Municipal Affairs Administrators Training Initiatives program.

Public Library Provincial Funding

In 2023-24, Municipal Affairs administered \$39.7 million in funding for public library services in the province. Of this, \$33.6 million was direct operating grant funding for 223 municipal, intermunicipal, First Nations and Metis Settlement public library boards as well as seven regional library system boards.

Budget 2023 included an increase of \$3 million in grants to library boards, enabling the addition of a base grant of \$9,000 for every board and streamlining of the grant formula, while also ensuring a minimum five per cent increase in grant funding for all local library boards.

In addition to the above noted operating grants to library boards, this funding also supported the following initiatives under the Provincial Public Library Network:

- Support for SuperNet connectivity in libraries at a cost of \$2.5 million per year and support for interlibrary loan management and delivery.

- A \$1-million annual investment in a variety of electronic resources for all Alberta public library users, including access to audiobooks, online international newspapers, language-learning and other online learning software through commercial platforms that widen the range, quantity, and quality of library resources available to residents throughout the province.
- Funding for the Read Alberta eBooks Collection, in partnership with the Book Publishers Association of Alberta and the Alberta Magazine Publishers Association, which makes more than 2,000 Alberta-published eBooks, 145 accessible e-audiobooks, and more than 500 issues of Alberta-published e-magazines available to readers across the province.

Also included in the *Read Alberta eBooks Collection* is the Prairie Indigenous eBook Collection, which allows more than 300 books written by Indigenous authors and published in Alberta, Saskatchewan, and Manitoba to be available digitally to Alberta readers.

Municipal Affairs provided \$806,000 in funding to two First Nation library boards, one Metis Settlement library board, and three large urban libraries and six regional library systems to serve neighbouring Indigenous populations outside municipal boundaries. Since 2017, more than 6,000 new library cards have been issued as a result of this funding.

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Locally governed Indigenous libraries offer services at Frog Lake First Nation and Kainai Blood Tribe First Nation. Public library outreach services are also now available on multiple First Nation reserves and Metis Settlements throughout the province. Outreach services include collections or programs made available in a local community space where there is no permanent library. This can include collection materials such as books, movies, and other items made by or for Indigenous people. It can also include Indigenous programs such as traditional crafts and activities, or programs with Elders. Regional library systems support this service with provincial funding from Municipal Affairs.

Municipal Affairs continues to support equitable access to library resources for people with print disabilities by providing \$329,000 in combined funding to the National Network for Equitable Library Service and the Centre for Equitable Library Access. Part of the funding supports three accessible production internships at the University of Alberta School of Library and Information Studies.

In 2023-24, Municipal Affairs embarked on an accessible document creation training project to help make government documents readable to people who use assistive technology. A team of three staff, two with lived experience of blindness and print disabilities, have delivered training to more than 1,000 Alberta Public Service staff and nearly 80 staff at Calgary Public Library, Grande Prairie Public Library, Red Deer Public Library, Chinook Arch Regional Library System, Marigold Library System, and the Peace Library System. The team was honoured with a 2023 Premier's Public Service Award for this work.

Minister's Awards for Municipal and Public Library Excellence

Since 2002, the Minister's Awards for Municipal Excellence program has encouraged municipalities to share their successes by recognizing accomplishments in the provision of municipal services in Alberta. The Minister's Awards for Excellence in Public Library Service was created in 2010. The two programs were combined in 2022-23 under the new name of the Minister's Awards for Municipal and Public Library Excellence.

Municipalities and public library boards were invited to submit initiatives that featured new and unique approaches to issues, streamlined processes for existing practices, and demonstrated creative community partnerships. Review committees received and reviewed 27 library submissions and 24 municipal submissions for 2023. The committees were composed of representatives from Alberta Municipalities; the Rural Municipalities of Alberta; the Local Government Administration Association; the Alberta Rural Municipal Administrators' Association; the Society of Local Government Managers; the Government Finance Officers Association; the Alberta Library Trustees' Association; and the Library Association of Alberta.

Based on the committees' recommendations to the Minister, six municipalities and four public library boards were recognized for their successes in providing needed services and resources in their communities.

Public Library Services Category (serving over 10,000 population)

Town of Canmore Library Board: Community Swaps

In 2021, the Canmore Public Library introduced a clothing swap initiative, which later expanded into a monthly community swap for items such as clothing, toys, tools, pet supplies, and more. The initiative enables anyone to donate and/or pick up new and gently used items at no cost. Any excess items are donated to local non-profits.

City of Medicine Hat Library Board: Casual Cash Employment Program

Since 2021, the Medicine Hat Public Library has operated a casual cash employment program that provides marginalized individuals an opportunity to earn income, build social connections, and gain work experience to support future employment. More than 50 individuals, called Library Ambassadors, have earned cash payments in exchange for work at the library. Cash payments address common barriers marginalized individuals face in receiving employment income (e.g., lack of a bank account, paying fees to cash cheques).

Public Library Services Category (serving under 10,000 population)

Town of Peace River Library Board: Summer Book Blast

The Peace River Library's Summer Book Blast is an initiative that brings children's books and activities to local parks in Peace River throughout the summer months. Each day of the program, the library sets up in a park to read stories, play games, and provide a book to every child that participates. The program was designed to overcome transportation barriers that many residents face in accessing the library and to ensure that families, especially those of lower income, have access to new books at home. In total, the 2022 program had more than 350 visits (including parents) and saw the library distribute 263 new books to children in the community.

Town of Raymond Library Board: Programming on Demand

The Raymond Public Library's Programming on Demand was developed in response to a common challenge faced by public libraries: how to optimally schedule programs. With Programming on Demand, community members pick the programs they want to participate in as well as when the program is offered. Twice a year, the library produces a brochure highlighting the programs currently being offered. Individuals then choose a

program, ensure they have at least three others that will attend, and then contact the library to schedule a time.

Building Economic Strength Category

Flagstaff County: Flagstaff Crafted

Flagstaff Crafted is a program and platform run by Flagstaff County that enhances the exposure of local makers, artisans, and retailers of local products within the Flagstaff region. Through their business retention efforts, it was recognized that small businesses in the region were seeking support in marketing and exposure, and support had to come in the way of tangible resources regardless of any amount of training received. Since its launch in May 2019, the program has grown to consist of 121 businesses, and supports the distribution of makers' products into retailers throughout North America, as well as many other indirect benefits to the Flagstaff region.

Enhancing Community Safety Category

City of Edmonton: Lighthouse

The City of Edmonton staff created Lighthouse, a technology solution that tracks the proliferation of hate symbols within the community. The technology solution is composed of three components: a phone application for collecting images of potential hate symbols observed by frontline municipal staff, a web application for identifying and labelling hate symbols in the collected images (via partnership with the Anti-Defamation League), and a dashboard that highlights where and when these hate symbols are appearing, giving decision-makers critical intelligence when planning mitigation actions. Before Lighthouse, knowledge of hate symbols in Edmonton was anecdotal; now it is systematically collected.

Partnership Category

Lac La Biche County: Indigenous Collaboration Committee and Focus Indigenous (Internal) Committee

Lac La Biche County established the Indigenous Collaboration Committee in January 2022, a first for an Alberta municipality. The Indigenous Collaboration Committee brings together Indigenous leadership from Beaver Lake Cree Nation, Heart Lake First Nation, Buffalo Lake Metis Settlement, Kikino Metis Settlement, the Metis Nation of Alberta Region One, and from two Indigenous-led organizations to work in reciprocity, strengthen communication, and build relationships through collaboration. In May 2022, the county also activated Focus Indigenous, an integral internal committee of staff, to create an inclusive, authentic, and judgment-free environment with a focus on Indigenous initiatives, including education, ceremony, and educational activities. This was another first for an Alberta municipality.

Red Tape Reduction Category

City of Leduc: Removing Development Constraints: Airport Vicinity Protection Area Amendments

The City of Leduc led a collaborative approach to amend the Edmonton Airport Vicinity Protection Area Regulation. Approved in May 2023, the amendments continue to protect airport operations while removing restrictions on commercial, industrial, and residential investment in Leduc. Previously, more than 80 per cent of Leduc was covered by Noise Exposure Forecast contours that restricted type and intensity of growth. The City of Leduc, Edmonton International Airport, Government of Alberta, industry leaders, and residents worked together to modernize the regulations and reduce red tape. The reduced regulatory burden allows the City of Leduc to attract investments and foster higher quality of life for residents over the long term.

Service Delivery Enhancement Category

City of Lacombe: Downtown Area Redevelopment Plan (ARP) Priority Projects – Heart of Lacombe

The Heart of Lacombe is a signature landmark created by the Downtown Area Redevelopment Plan Committee. The Heart is the first completed Downtown Area Redevelopment Plan priority project, resulting from months of collaboration and planning by the committee. The monument is a visually appealing, interactive piece that expresses residents' connection with their community. The committee, which started on an ad-hoc basis, was tasked with spending \$1.7 million assigned to the Downtown Area Redevelopment Plan by Lacombe City Council. The committee is now permanent, with the task of implementing priority projects in Lacombe's downtown going forward. This collaborative method represents a new way to deliver unique capital projects with robust citizen input.

Smaller Municipalities Category

Village of Alix: Partnering for Crime Prevention

Through council's strategic planning process, resident concerns were brought forward regarding the number and severity of crimes being committed in Alix and the surrounding area. Residents commented on feeling unsafe, helpless, and at a loss about how to improve the situation. As a rural community, Alix experienced an increase in crime over the years the same as many other remote communities in Alberta without an RCMP detachment. Both residential and commercial sectors of the community were being regularly impacted by vandalism, theft, violent crime, and traffic offences. Through a coordinated partnership effort between the Village of Alix, the RCMP, service providers, and area residents, there has been a decrease in incidents of crime and vandalism in the community.

2.6 Effective delivery of industrial property assessments that are consistent, transparent, and fair across the province.

Designated Industrial Property Assessment

Designated industrial property comprises two distinct categories. 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 industrial properties such as wellsite machinery and equipment, 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.

While linear property has long been assessed by the province, the assessment of all designated industrial property has been conducted by the Government of Alberta since 2018.

The benefits of this centralized assessment model are being realized through continued improvements in consistency, fairness, and transparency in the application of legislation.

Designated industrial property assessments yield approximately \$1.496 billion in municipal property taxes and \$339 million in education property tax for the province.

Designated industrial property assessment is carried out under the guidance and direction of the Provincial Assessor in Municipal Affairs. Industrial assessment is conducted using a service delivery approach of internal and contract assessors.

As of the end of the 2023-24 fiscal year, all linear assessments continue to be done internally, and 203 of 228 municipalities with non-linear industrial property were assessed by internal Municipal Affairs assessors. The remaining assessments (25 municipalities) were carried out by contracted resources under the guidance and supervision

of the Provincial Assessor. These contracted resources include private assessment companies and municipal assessors. The ministry remains committed to working collaboratively with municipalities, taxpayers, and other stakeholders in the assessment of designated industrial property. An executive advisory group regularly brings together representatives from industry and municipal associations to share information and to seek advisory input.

In 2023-24, Municipal Affairs completed 561,421 designated industrial property assessments for 1,334 property owners (referred to as “assessed persons”) with an assessed value of approximately \$196.1 billion. This is an increase of \$12.1 billion from last year’s assessment. The change is a result of property inventory changes, newly added properties, removed properties, annual depreciation, and annual assessment year modifier changes.

These assessments yield approximately \$1.496 billion in municipal property taxes and \$339 million in education property tax for the province. The ministry continues to meet its commitment of annually inspecting 20 per cent of all existing designated industrial property and 100 per cent of new properties. This inspection approach is consistent with the assessment profession 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 include preparation of assessments and defending assessments before the Land and Property Rights Tribunal as required in case of an appeal. The 2023-24 requisition tax rate was \$0.0765 per \$1,000 of assessment, to recover \$15.2 million for the program in the 2023-24 fiscal year.

Grants in Place of Taxes

Properties belonging to the Government of Alberta are exempt from municipal taxation. To account for this, municipalities are paid a grant in place of taxes on eligible properties within their boundaries. This is a discretionary grant program and not a tax payment. This 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.

In 2023-24, most of the applications (tax notices) were paid at 50 per cent of the eligible amount. In total, \$33.3 million was provided to 167 municipalities for more than 5,000 Crown properties. The province also pays a Grant in Place of Taxes to municipalities on behalf of 34 eligible seniors’ housing facilities. The Minister of Municipal Affairs has approved the continuation of Grants in Place of Taxes for these seniors’ facilities through the 2024 taxation year.

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 to help determine 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.

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Because this variation 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 2024 provincial equalized assessment is about \$1.060 trillion, which is an increase of approximately \$86 billion (8.8 per cent) from 2023. This change is the result of an increase in residential (9.9 per cent), an increase in non-residential (6.5 per cent) and an increase in machinery and equipment equalized assessment (7.2 per cent). Assessment growth of this kind has not been experienced in Alberta since 2015. One contributing factor is Alberta's rate of population growth, which contributed to high housing demand in a market with moderate inventory (resale and new development), and resulted in residential property values moving upward throughout much of Alberta. In addition, the non-residential equalized assessment increased by \$15.6 billion signaling a rebound in the commercial and industrial property sector. Factors contributing to this growth include the reactivation of the economy after the COVID-19 pandemic, increased commercial and industrial property sales, and new inventory. The total equalized assessment consists of 67 per cent residential, 24 per cent non-residential, and nine per cent machinery and equipment.

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.

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 a specific area. The levies are authorized under the *Municipal Government Act*, and there are currently six established areas in Alberta:

1. Calgary's Rivers District.
2. Edmonton's Belvedere.
3. The Quarters (Edmonton).
4. Capital City Downtown (Edmonton).
5. Cochrane South-Central.
6. the Airdrie Downtown area.

The total Community Revitalization Levy revenue from municipal and education property taxes redirected from the six Community Revitalization Levy areas is estimated to be \$78 million for the 2023 municipal tax year (precise revenue figures for 2023 were not yet available at the time of publishing).

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

The Airdrie Downtown Community Revitalization Levy was initiated in 2023. This Community Revitalization Levy will play a key role in the redevelopment of a portion of Airdrie's downtown area through funding improved infrastructure and other projects aimed at attracting investment. The Community Revitalization Levy is projected to generate up to \$18 million in revenue over its 20-year term.

The City of Edmonton's Capital City Downtown Community Revitalization Levy Regulation was originally set to expire at its halfway point of 10 years, or December 31, 2023, if a review was not completed. To ensure ongoing relevancy and necessity, a review of the Community Revitalization Levy plan was undertaken by Municipal Affairs, and on November 8, 2023, the Edmonton Capital City Downtown Community Revitalization Regulation was extended to December 31, 2034. The initial Community Revitalization Levy plan was based on a 20-year time frame for planning and investment in infrastructure and revitalization projects. The Capital City Community Revitalization Levy played a key role in funding the construction of Rogers Place as well as other development projects in Edmonton's downtown area.

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.

The auditor accepted the assessment levels, which must meet the legislated standard of being between 95 and 105 per cent of market value, for 330 of 332 jurisdictions. Two municipalities received an assessment level override, ensuring that the data to be used in the equalization process was appropriate. All property groups evaluated within 331 of the 332 municipalities met the highest standard for assessment accuracy. Three hundred and twenty-nine municipalities reported and declared assessment information on time, with three time extensions granted. These were submitted within the time frame of the extension.

In addition to annual audits, the ministry conducted 23 detailed assessment audits on counties and towns. Detailed assessment audits provide a more investigative, process-oriented procedural review to determine if assessments meet valuation and administration standards. Findings are grouped into best practice (valuation) and administrative (compliance) recommendations. Of the numerous municipal administrative recommendations arising from the 23 detailed assessment audits, most relate to omitted details for assessment notices. There are a few best practice recommendations, primarily relating to land valuation and consistent use of costing models. Overall, assessment programs for counties and towns are functioning at a high level for compliance and valuation practice.

The audit team also conducts Compliance Reviews concerning requests for information by owners from municipalities under sections 299/300 of the *Municipal Government Act*. There were three Compliance Review requests in 2023. One request did not meet the basic criteria for review and was rejected. The owner can resubmit at a later date once prescribed regulated requirements have been met. The other two reviews moved forward and concluded the municipalities provided adequate information as required by the Act and regulations.

5 to 1 Tax Ratio

In 2016, the *Municipal Government Act* was amended to address significant differences between residential and non-residential property tax rates in several energy-sector reliant municipalities. The 5 to 1 tax ratio is the maximum allowable ratio between municipalities' highest non-residential tax rate and their lowest residential tax rate.

The legislated ratio represents a minimum threshold for competitiveness and the fair distribution of the costs of providing municipal services.

To introduce a method of public accountability, the ministry included a new performance measure under development in its 2023-26 Business Plan to measure compliance with the 5 to 1 ratio. The ratio was included as a full measure in the 2024-27 Business Plan.

When this ratio was legislated it was understood that some municipalities would have to plan for gradual compliance over time to minimize the impact of the transition on taxpayers. Since 2016, the number of non-compliant municipalities has steadily declined from 20 to only eight municipalities remaining non-compliant in 2023.

Other Assessment and Taxation Legislative Work

Business Improvement Area Regulation

Business Improvement Areas have been around for many years as an integral part of the commercial business landscape and they indicate a commitment to build vibrant economies. Some *Municipal Government Act* amendments relating to Business Improvement Areas remain unproclaimed.

Because of the time that has elapsed since these amendments were passed, and the changing economic circumstances affecting the business community since they were proposed, Municipal Affairs is considering

options to extend the existing regulation past June 30, 2024, and engage stakeholders on the ongoing relevance and effectiveness of the legislation.

Community Organization Property Tax Exemption Regulation

The Community Organization Property Tax Exemption Regulation sets out the criteria and conditions by which municipalities can make decisions to grant property tax exemptions to non-profit community organizations.

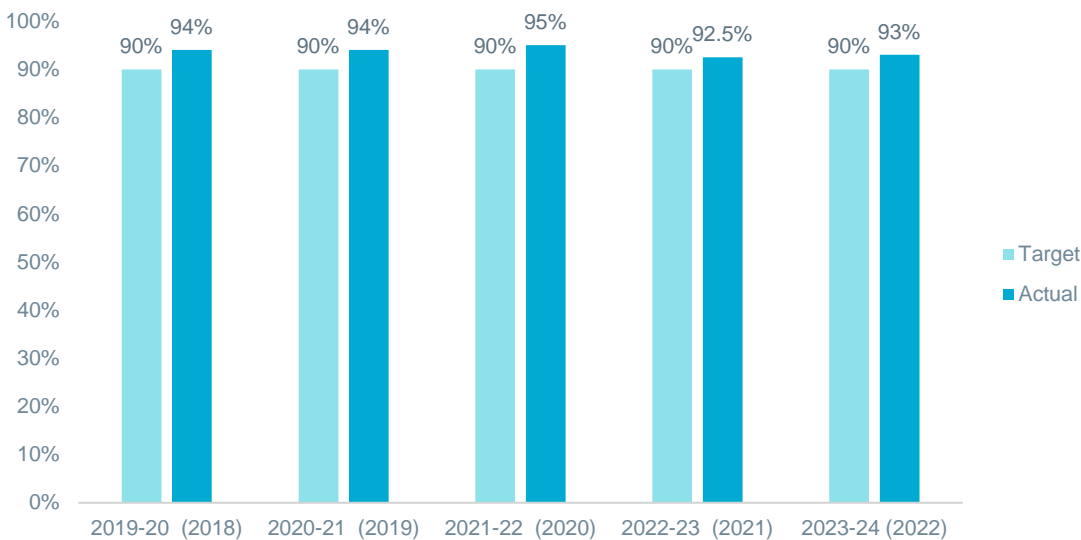
Following targeted stakeholder engagement on administrative improvements, the regulation was amended to enable flexibility in application process dates and requirements, modernize methods to advertise facility accessibility times online, and remove reference to an obsolete subsidy model formerly used in seniors lodge facilities.

Along with the administrative updates, the regulation received a two-year extension until December 31, 2025, to provide time for Municipal Affairs to engage stakeholders in a broad policy review in 2024 and 2025.

SuperNet Assessment Regulation

The SuperNet Assessment Regulation provided direction on how to assess the value of a portion of the SuperNet linear property that government formerly had a sole right to use. A change from an infrastructure-owned model to a new fee-for-service model has led to the regulation not being required and it was allowed to expire on December 31, 2023.

Performance Measure 2.a: Percentage of municipalities that met or exceeded the minimum performance targets for financial and governance risk indicators



In 2022, municipalities were in a fair financial situation, and only one municipality had a “going concern” note identified with its municipal audits. Compared to 2021, two additional municipalities received ministerial interventions, while four fewer municipalities flagged three or more non-critical indicators. The overall number of municipalities deemed to potentially face long-term viability challenges in 2023-24 (2022) was 23, two fewer than in 2022-23 (2021).

Although a result of 93 per cent exceeds the established target, it also indicates that on average, municipalities continue to perform similarly year-over-year.

As noted in previous years, there is an increasing number of municipalities flagging infrastructure-related indicators and the Tax Collection Rate. This trend suggests municipalities are continuing to struggle with reduced municipal revenue and aging infrastructure. The following table highlights the non-critical indicator performance for 2022 over the previous reporting period.

Municipal non-critical indicator performance for 2023-24 (2022)

2022 Status	Non-critical indicators
Increase	Tax Collection Rate Investment in Infrastructure Infrastructure Age
Decrease	Tax-base Balance Current Ratio On-time Financial Reporting Debt-to-Revenue Debt Service Cost Interest in Municipal Office
No Change	Population Change Accumulated Surplus

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

Key Objectives

3.1 Utilize the quality assurance framework to identify if the intended outcomes of the safety system are being achieved.

Quality Assurance Framework

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

1. Effective oversight, whereby processes are created, direction is established, and plans are developed to ensure system partners are sustainable and well-governed.
2. Clearly defined roles and expectations.
3. Risk-based strategic priorities informed by verifiable and reliable data.
4. Collaboration with system partners/stakeholders.
5. Accountability through a defined approach to monitoring.

Specifically, the framework:

- provides direction and support so the system is responsive and aligned to meet the needs of system partners and stakeholders, considers the economic climate, and protects the public;
- provides opportunities to set policy priorities based on evidence (such as evaluation, performance measures and indicators, data analysis), prioritize work, and collaborate with safety codes system partners to leverage expertise;
- serves as the basis for the ongoing improvement of the safety codes system and provides a foundation to inform decisions;
- focuses on a more strategic and transparent approach to planning, and a way to communicate priorities; and
- identifies processes for continuous improvement through monitoring and evaluation.

The quality assurance framework provides the guiding direction and vision for the various initiatives of the department and its system partners and stakeholders.

Assurance Reviews

As part of its role in safety codes system oversight, Municipal Affairs determines whether administrative system partners with appointed or delegated responsibilities – including the Safety Codes Council, the Alberta Boilers Safety Association, and the Alberta Elevating Devices and Amusement Rides Safety Association – are providing quality services that align with and effectively mitigate risks to achieving system outcomes. Understanding the extent to which partners are achieving outcomes provides assurance to the Minister and the ministry on how the system is functioning and allows for the identification of improvement opportunities (such as the identification of new strategic priorities or the implementation of new processes). Municipal Affairs continues to work on the implementation of an assurance review of system partners to gather information that better substantiates and illustrates performance, including areas that are working well and where improvements are needed. The assurance review of system partners will take the form of an outcome evaluation and is designed to complement other reporting requirements and accountabilities, such as financial or quality management audits.

Building on work undertaken in 2022-23, Municipal Affairs continued to work with system partners to develop components of the assurance review model that support further qualitative and quantitative assessment. Logic model workshops were completed with system partners and the final system logic model was shared with all three system partners. Detailed design work began with the Safety Codes Council, including the identification of performance metrics and evaluation criteria, as well as the establishment of evaluation questions and an evaluation rubric for the first set of outcomes related to oversight and management activities.

In early 2024, the first review of the Safety Codes Council began, with a target of gathering information and initiating development of a draft report by the end of the 2024-25 fiscal year. Design work for the first assurance review of the Alberta Boilers Safety Association was also initiated in 2023-24, with more detailed work to continue in 2024-25.

Full implementation of assurance review activities for all three system partners is targeted for 2025-26.

Data Analytics

Data analytics is the science of analyzing raw data to make conclusions about that information, and using it to support policy, operational, and strategic decision-making. Municipal Affairs continued to review and revise its data and information strategy to ensure that it continues to provide effective data analytics that support the programs and services within the ministry's public safety codes and standards system. This review provides an opportunity to enhance the ministry's data analytics, which will in turn better support strategic and operational decision-making. In fact, data analytics is considered a foundational piece in supporting informed decision-making within the programs and services of the ministry's public safety codes system. For example, Municipal Affairs staff review statistical data and fire reporting to ensure that the Fire Electronic Reporting System is producing meaningful statistics from fire reports – and this helps to inform provincial fire safety and prevention initiatives.

Further, the Fire Commissioner and Assistant Fire Commissioner are engaging with fire service stakeholders to better understand the information from incident reporting that would benefit municipal fire departments and help tailor services to the incidents to which they respond. The ministry continues to look at how information can be shared and leveraged to enhance safety in communities across the province.

Administrative Penalty Program

Administrative penalty provisions under the *Safety Codes Act* provide an additional tool to enforce and promote compliance. As an enforcement tool, administrative penalties provide an option when other

enforcement measures are ineffective (when issuing an order is not enough) or appropriate (pursuing prosecution) and helps incentivize compliance.

An administrative penalty may be imposed by the Administrator for administrative penalties (the Administrator is 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.

A penalty can be issued as a single amount or a daily amount, up to a maximum of \$10,000 per day, for as long as the contravention or failure to comply continues. The maximum cumulative penalty is \$100,000.

In 2023-24, following a judicial review of a penalty issued in 2021, the Court of King's Bench upheld the Administrator's decision, confirming the issuance and the amount of the original penalty. The penalty subsequently proceeded for collection. The program facilitated six other requests across three *Safety Codes Act* disciplines (Building, Fire, and Private Sewage), all related to non-compliance with an order issued under the Act. In all six instances, at various points in the pre-application screening, application, and review processes, it was decided that more appropriate enforcement options were available to support compliance with the *Safety Codes Act*, and ultimately, no administrative penalty was issued.

In addition, program staff have been actively meeting with stakeholder groups across the province – with presentations delivered to more than 250 stakeholders and participants – sharing information on the Administrative Penalties Program. One of the goals of the Administrative Penalty Program is to gain compliance with the *Safety Codes Act*, and most of the time, compliance is achieved without the application of a penalty. This is considered a positive outcome for both the program and the safety codes system.

Accreditation and Certification

The ministry is accredited by two international boards to administer provincial testing and certification to National Fire Protection Association Professional Qualification standards.

- The Pro Board is a fire service system for the accreditation of agencies that certifies candidates to the various disciplines and levels identified in the National Fire Protection Association Professional Qualification series of standards.
- The International Fire Service Accreditation Congress is a not-for-profit, peer-driven, self-governing system of both fire service certifying entities and higher education fire-related degree programs. Its mission is to plan and administer a high-quality, uniformly delivered accreditation system with an international scope.

In 2023-24, the International Fire Service Accreditation Congress conducted an onsite audit as part of a five-year cycle. Re-accreditation for the next five years was awarded based on the audit findings.

The Alberta Fire Service Certification Program serves municipal fire departments, industrial fire departments, and pre-employment schools across Alberta. As the program is voluntary, local jurisdictions and businesses choose whether to participate, and to which standard they will certify, based on their own employee competency requirements. The program supports the professional development of Alberta's fire service by

providing testing and certification based on national and provincial standards of practice, such as the Canadian incident command system and Alberta's Occupational Health and Safety Code. This promotes consistency of knowledge and skill development within the industry, and supports labour mobility, universal deployment, and regional, provincial, and interprovincial mutual aid.

The program is responsible for:

- developing and maintaining exams and skills evaluations for all standards for which the program is accredited;
- overseeing the administration of exams and evaluations by approved proctors and evaluators;
- reviewing appeals and investigating concerns;
- scoring exams and storing student records;
- reviewing applications for certification and issuing certificates;
- maintaining accreditation with Pro Board and the International Fire Service Accreditation Congress; and
- communicating program requirements and changes to external stakeholders.

Generally, between 5,000 to 6,000 fire service exams are administered every year, with 6,484 distributed in 2023-24. The Alberta Fire Service Certification Program maintains records for more than 16,000 students.

Municipal Affairs continues to foster the development of high-quality programs by optimizing fire certification and accreditation services in Alberta. This includes incorporating feedback about firefighting testing through ongoing interaction with the Alberta Fire Chiefs Association and other stakeholder groups.

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 Safety Codes 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 representation on the Safety Codes Council, the technical sub-councils, and the delegated administrative organizations, ensures Albertans have a voice in decisions that affect public safety.

The sub-councils provide advice and input from industry, municipalities and other safety experts into the department's review and development of safety codes. The sub-councils contribute to developing standards and compliance monitoring criteria for accredited organizations, as well as hearing and deciding appeals of orders and written notices. The sub-councils also help establish competency requirements and evaluate the effectiveness and quality of training for safety codes officers.

The sub-councils consist of volunteer representatives from municipal governments, educational and training institutions, industry, trades and labour, professional organizations, persons with disabilities, and other groups or organizations with an interest in the disciplines. There are 12 sub-councils: amusement rides, barrier free, building, electrical, electrical utilities, elevators, fire, gas, passenger ropeways, plumbing, pressure equipment, and private sewage.

In 2023-24, the Minister reappointed four public member representatives to Safety Codes Council sub-councils and made one public member appointment to the Alberta Elevating Devices and Amusement Rides Safety Association. As a result, the Safety Codes Council and the Alberta Elevating Devices and Amusement Rides Safety Association's board will continue to benefit from public representation.

3.2 Represent and protect Alberta's interests during the development and review of national and international safety codes and standards for potential adoption in Alberta.

Alberta editions of the 2020 National Building, Fire and Energy Codes

The 2020 national building, fire and energy codes were published in March 2022. The National Building Code – 2023 Alberta Edition, National Fire Code – 2023 Alberta Edition and the National Energy Code for Buildings – 2020 Edition, have been adopted and came into force in Alberta on May 1, 2024.

Alberta has jurisdiction over safety codes, as do all Canadian provinces and territories. The Alberta government worked closely with industry, municipal associations, and technical experts across the province to determine if Alberta needed to modify anything from the 2020 national code publications. The government also works with Alberta's Safety Codes Council to review safety codes and standards proposed for adoption and receives input and advice from the council to help ensure the codes are appropriate for Alberta. In the new 2023 Alberta editions of the National Codes, Alberta, after careful analysis and review, opted to continue to exclude large farm buildings from the editions of the building and fire codes, and to adopt Tier 1 as the minimum provincewide standard for building energy efficiency.

Adopting Tier 1 allows Alberta to set a consistent framework for achieving improved levels of energy efficiency in housing and small buildings, while maintaining affordability. Stakeholders, including the Building Industry Land Development Association Alberta, indicated that starting at Tier 1 would not significantly increase the cost of construction. Alberta also decided to continue excluding large farm buildings from the building and fire codes due to the strong support expressed by the agricultural industry. The exclusion will preserve the affordability of industry and protect jobs and the economy without negatively impacting public safety. While Alberta is a signatory to the Construction Codes Reconciliation Agreement to reduce barriers to trade and support harmonized codes across Canada, the provincially focused review ensured the changes to Alberta code editions best supported the needs of Albertans.

Both the ministry and the Safety Codes Council will provide additional information and education sessions related to applications of the codes including key changes from the previous codes and differences between the national and Alberta editions.

The finalization of these codes is a major milestone for Municipal Affairs; one that reflects the effort and expertise of dedicated staff over several years.

Timely Code Adoption/Adoption of New Codes Across Disciplines

Municipal Affairs manages the release of new codes to keep buildings, facilities, and equipment safe and operational. Under timely code adoption, codes come into force within one year of being published. The

following codes were reviewed and adopted by the ministry to ensure health and safety is maintained throughout the province:

- April 2023 – The National Plumbing Code 2020 came into force, promoting consistency among provincial and territorial plumbing codes.
- September 2023 – The Alberta Electrical Utility Code Sixth Edition came into force, setting out minimum standards for electrical work.
- November 2023 – A pressure equipment standard came into force for power piping.
- February 2024 – Three pressure equipment standards came into force related to process piping, refrigeration piping, and the storage and handling of anhydrous ammonia.
- May 2024 – The 2023 Alberta Editions of the National Building and Fire Codes, alongside the 2020 National Energy Code for Buildings, were previously published. They came into force on May 1, 2024.

3.3 Protect the investments of Albertans by ensuring new homes are affordable and meet construction, safety, and quality standards.

Risk-based Inspections

Municipal Affairs continues to work with the Safety Codes Council in its review and implementation of a revised accreditation framework, including facilitating efficient, evidence-based approaches to such things as risk-based inspections. Under the *Safety Codes Act*, the council is responsible for accreditation which authorizes municipalities, corporations, or regional services commissions to administer the Act, and authorizes agencies to provide services such as issuing permits, conducting inspections, and investigating unsafe conditions.

The council completed the second phase of their stakeholder engagement in support of the accreditation program review in 2023-24 and is advancing work on the implementation of a risk-based inspection framework.

Housing Affordability

Addressing housing costs and increasing housing supply for lower income Albertans has emerged as a key priority for the Government of Alberta. To assist in addressing the needs of Albertans, Municipal Affairs is exploring opportunities to remove barriers to affordable construction and permit approvals while still maintaining high safety standards. Municipal Affairs is also working with municipalities to explore whether alternative solutions within the Alberta building and fire codes are needed, to allow municipalities to create emergency or temporary shelter space quickly and safely.

Municipal Affairs is engaging with municipal and industry stakeholders to explore opportunities within the building codes to remove barriers to affordable construction. Municipal Affairs is working with municipalities and other accredited organizations that deliver permit and inspection services to determine whether standardized timelines for permit processes and approvals are appropriate.

Residential Protection Program

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.

In Alberta, new home buyer protections were designed to protect consumers purchasing new homes and enhance accountability for home builders. While most protections are working as intended, Albertans have indicated some outcomes of new home buyer protections are not being met.

Initially, Municipal Affairs completed two phases of engagement on New Home Buyer Protections to better understand the issues and to gather input on possible solutions.

- A What We Heard report was published in April 2023, to keep Albertans informed of feedback received during the engagement.
- Enhancements were made to the website to provide additional information to homeowners planning to buy or build a new home.
- Additional material is being developed on understanding the home warranty system, the claims process, builder licensing, and safety codes/permits.

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, 2024, there were 28,645 new home registrations in Alberta.

There were 2,625 builders with an active residential builder license for the fiscal period ending March 31, 2024, compared to 2,573 licenses for the fiscal period ending March 31, 2023.

Work continued in 2024, with further engagement looking at solutions that will align with improving the safety and quality of residential homes, consumer protection, and reducing red tape to allow for ease of building new homes. Stakeholder engagement sessions on the dispute resolution process, builder competencies, and an advisory group began in early 2024, and were completed in March 2024. In addition, work is underway to review owner-builder requirements, to address barriers for owner-builders, and to ensure consumer protections are in place for those buying owner-built homes. Feedback received from the New Home Buyer Protections Review will help inform any future updates to the *New Home Buyer Protection Act*, its related policies, and programs.

Other Ministry Activities in Support of Outcome Three

Fire Services Training Program

The Fire Services Training Program grants provide supplemental funding to municipalities (including municipal corporations and regional services commissions), Metis Settlements, and First Nations fire service personnel in Alberta, which can be used to enhance training opportunities and consequently improve safety

for fire services personnel and the public. In 2023-24, \$500,000 was distributed to successful applicant organizations throughout the province.

Municipal Affairs met with the Alberta Fire Chiefs Association to discuss the 2023-24 program and to request feedback and input on opportunities for improvement and alignment with stakeholder needs. Changes were made to the criteria based on the association's input, which included:

- adding a new soft cap of up to \$10,000 of grant funding per eligible applicant to ensure the maximum number of applicants receive funding;
- expanding eligible expenses to allow for in-house instructors;
- recognizing training courses offered outside of the National Fire Protection Association training course framework as eligible; and
- making administrative changes and reducing red tape.

In 2023-24, the ministry received 63 eligible applications and disbursed funds to 58 successful recipients. The changes incorporated into the 2023-24 program supported firefighter training program objectives and made the training programs more accessible and affordable for fire services, particularly for fire services in rural areas.

Fire Service Review

In recent years, stakeholders have identified opportunities to enhance service delivery of fire services programs, as well as the role and mandate of Alberta's Fire Commissioner. Municipal Affairs is undertaking a Fire Service Review and is engaging with stakeholders to better understand expectations, hear concerns, and inform potential changes to fire service programs. Phase one was completed in 2023-24, and included engagement with municipal fire service stakeholders on Municipal Affairs-focused programs and services. Phase two will be completed in 2024-25, and will include further engagement with the fire service, municipalities, Indigenous communities, and Metis Settlements. As a component of phase two, Municipal Affairs approved a \$200,000 grant to the Alberta Fire Chiefs Association to establish a Provincial Fire Service Data Committee. This committee will develop recommendations for a framework for the systematic collection and analysis of fire service data essential for decision-making and to align with national standards. The scope of the work will focus on fire service data management in Alberta and determine how best to meet fire service data reporting needs and requirements at national, provincial, and municipal levels.

The Fire Service Review will include focused engagement on issues around the following:

- The role and mandate of the Fire Commissioner.
- Provincial legislation and training standards.
- Recognition for fire services.
- Management of wildland fires outside Forest Protection Areas.

The engagement is intended to provide options for policy consideration in fall 2024.

Distilleries Working Group

For several years, stakeholders from the craft distillery industry, including the Alberta Craft Distillers Association, shared their challenges with the Government of Alberta about complying with the high-hazard industrial occupancy building classification (F1) under the provincial and national fire codes. The industry has frequently advocated for code changes to support businesses in the province. A report issued by the Safety Codes Council in September 2023, aimed to address these challenges, but the association found several issues that remained unresolved, including:

- inconsistent application of the code by municipalities regarding the use of variances, which does not allow for business or market certainty;
- lack of knowledge of the operations and designs for distilleries;
- no recognition or openness by municipalities that craft distilleries are vastly smaller scale than large distilleries, which may change the risk factor; and
- the need for safe, reasonable, and cost-effective alternatives to allow for growth and customer interaction with tasting rooms, a key marketing attribute.

Any code-related alternative solutions proposed for the craft distillery industry must maintain a high safety standard. The balance between code and policy development is important, and any code development must not only ensure public safety but also facilitate affordability and economic growth.

A joint working group between the Alberta Craft Distillers Association and Municipal Affairs was established to address the concerns and explore opportunities to resolve issues. The department provided a \$75,000 conditional grant to the association to hire a consulting engineer who will develop code-related alternative solutions that will address the craft distillery industry's concerns. The consulting engineer is intended to provide solutions that might help resolve barriers craft distillers are facing. The results may also be shared with the Canadian Harmonized Board for Construction Codes.

Alberta Elevating Devices and Amusement Rides Safety Association – Digitization Grant

The Alberta Elevating Devices and Amusement Rides Safety Association is a delegated administrative organization responsible for ensuring all elevating devices, amusement rides, and passenger ropeways in Alberta comply with provincial safety codes and regulations under the *Safety Codes Act*. The Elevating Devices, Passenger Ropeways, and Amusement Rides Administration Regulation provides authority for the Minister to enter into an agreement with the association to provide services on behalf of the government. In the authorization agreements between Municipal Affairs and elevating agencies, the agencies must maintain all records in a manner acceptable to the Minister and maintain security standards.

In December 2023, the association requested funding to modernize its records management system. The department provided a \$55,000 one-time conditional grant to sort, digitize, and inventory records owned by Municipal Affairs. The grant will allow the association to modernize its records management system, ensure proper management and disposal of outdated records, and reduce red tape for accredited agencies that request original designs and specifications for elevators. The digitization process will also provide more timely access to building owners and accredited agencies seeking information about devices. The grant marks a move towards enhancing the relationship between the Alberta Elevating Devices and Amusement Rides Safety Association and Municipal Affairs.

The Safety Codes Council's Mandate and Roles Document

The Safety Codes Council is a statutory corporation established by the *Safety Codes Act* and is composed of representatives from municipalities, business, labour, persons with disabilities, and technical experts in disciplines under the Act. As part of its accountability to the Minister, the council has a mandate and roles document that outlines the roles and responsibilities of both parties. This document expired in 2020, after last being updated in 2017.

A working group composed of members from Municipal Affairs and the council was established in 2023 to update the document, outlining the council's primary function and key objectives to support the Minister. Feedback from stakeholders indicated concerns around the level of industry representation on the council's board of directors and sub-councils. As a result, the mandate and roles document was adjusted to address the composition of the board. The updated document was approved in January 2024, and was signed by the Safety Codes Council, and returned to the Minister in February 2024. The mandate and roles document now represents the current relationship between the Minister and the council.

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



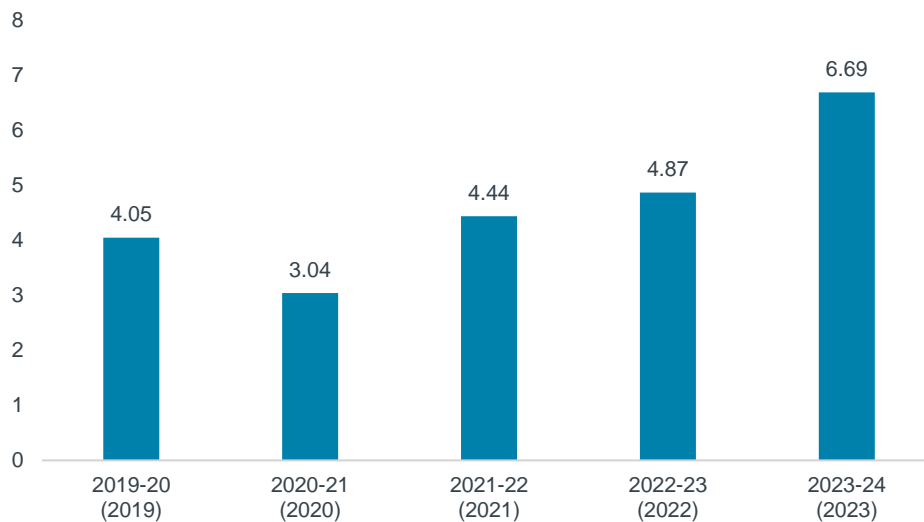
Note: There are known gaps in the fire data provided by some municipalities, and it is unclear how the actual result may be influenced.

The actual result for 2023 of 0.78 is 28 per cent higher than the previous year's figure of 0.61, and is 20 per cent higher than the target (0.65). In 2023, there were 37 injuries and fatalities due to mechanical or structural failure in the 10 measured disciplines in the safety codes system, compared to 28 in 2022. Most injuries and fatalities in 2023 (57 per cent, or 21 incidents) were in the fire discipline, with the next highest number (27 per cent or 10 incidents) in the elevating devices discipline.

While not an anomaly, there were some fire incidents that resulted in multiple injuries or fatalities in 2023. Specifically, there was one incident that resulted in six injuries, which is significant compared to other multi-injury events from the previous two years, and another fire incident that resulted in two injuries. One incident resulting in an unusually high number of injuries can significantly impact the results, which report the number of injuries or fatalities, not the *number of incidents*.

Although the performance measure results are higher compared to the previous year, the low presence of injuries and fatalities suggests a low level of risk in the system. When reviewed in combination with performance indicator 3b, most injuries and fatalities in the safety codes system are not due to mechanical or structural failure, suggesting the system is effective at ensuring buildings, equipment, and devices are safe, and consistent with the division’s mandate to minimize risk in the public safety codes system.

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.



Note: There are known gaps in the fire data provided by some municipalities; it is unclear how the actual result may be influenced. The department is collaborating with affected municipalities to ensure this data is collected for future reporting years.

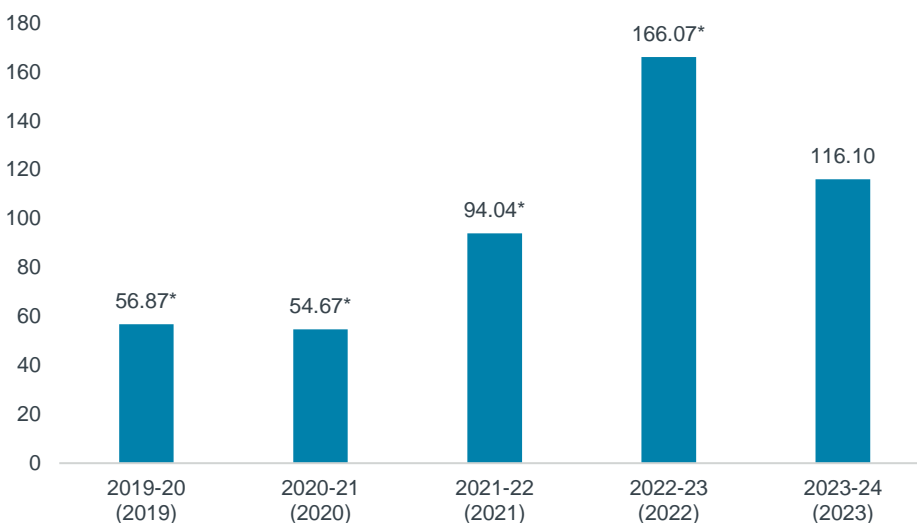
In 2023, the number of injuries or fatalities caused by non-structural or non-mechanical failure of buildings and associated systems was 318, or 6.69 per 100,000 population.

This reflects an increase of 94 incidents from the 224 incidents reported in 2022, 120 more than the 198 incidents reported in 2021, and 188 more than the 130 incidents reported in 2020. This may be reflective of a return to pre-COVID activity and increased interactions with the disciplines that comprise the safety codes system.

Incidents in the electrical, pressure equipment, elevating devices, and amusement rides disciplines increased, and there was a decrease in passenger ropeway incidents. There were no incidents in the plumbing, gas, or private sewage disciplines. Overall, most injuries and fatalities recorded in this indicator are the result of fire incidents, which accounted for about half (56 per cent) of the incidences. Elevating devices continue to account for a large proportion of reported incidents as well.

When reviewed in combination with performance measure 3.a, the vast majority of injuries and fatalities in the safety system are due to human error. These results create opportunities to engage with cross-ministry and system stakeholders to influence safety including public education initiatives both at the provincial and local authority level.

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.



*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.

Note: There are known gaps in the fire data provided by some municipalities; it is unclear how the actual result may be influenced. The department is collaborating with affected municipalities to ensure this data is collected for future reporting years.

The 2023 rate of 116.10 is 30 per cent lower than last year's result of 166.07. This reflects a combination of a four per cent increase in population and a 27.1 per cent decrease in the total number of fire reports – from 7,575 reports in 2022, to 5,522 reports in 2023. The reduced number of fire reports is likely due to gaps in data reporting, not fewer fires.

A transition between records management system providers for two large municipalities resulted in ongoing technical issues which are currently being addressed, including process streamlining to remove some issues experienced by municipalities. Department staff have tried to mitigate the effects on performance measurement by using submissions from each city to supplement data. The current system makes it difficult to ascertain whether a change in reporting numbers is due to an actual underlying change in fire activity across the province, or whether changes are due to different fire reporting practices, data gaps, or a combination of these factors.

A recently announced department review of the fire service, and a focused look at fire data collection processes, is intended to help address these issues. As well, an additional \$200,000 grant is being allocated to a major stakeholder to research and develop recommendations to inform provincial fire data reporting; this will align with the scope of the fire service review.

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

Key Objectives

4.1 Deliver effective and impartial appeals and dispute resolution processes for land use planning, development, compensation, assessment, and other matters referred to the 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 are to:

- Deliver effective and impartial appeals and dispute resolution processes for land use planning, development, compensation, assessment, and other matters referred to the tribunal.
- Strengthen the rights of landowners and operators to fair and timely decisions on surface rights matters by modernizing processes through technology, and reducing timelines for issuing decisions.
- Provide certification training for municipal board members and clerks of assessment review boards and subdivision and development appeal boards.

The tribunal is bound by legislation, the rules of natural justice, and direction provided by the courts. All decisions are in writing and accessible through the free legal research website CanLII (<https://www.canlii.org/en/>) or on the tribunal’s website (www.alberta.ca/land-and-property-rights-tribunal).

Annexations

When municipalities or local authorities need more land for future development or to bring municipal infrastructure within their boundaries, they may apply to annex land from an adjacent municipality. This process can create conflict between landowners who wish to stay within their community and those landowners who want their municipalities to grow.

**Land and Property Rights Tribunal
at a Glance, 2023-24**

2023-24 budget estimate
\$7,842,000

Fulltime employees
45

Number of tribunal members
69

**Applications/appeals/complaints,
by type –**

Annexation: 7
Subdivision and development: 80
Intermunicipal disputes: 0
Section 619 appeals: 0
Off-site levy appeals: 2
Minister referrals: 0
*Designated Industrial Property
complaints: 42*
Surface rights applications: 5,270
Expropriation applications: 29

**Recovery of compensation amounts
directed for payment**
\$29,380,558

**Number of certification training
sessions**
60

**Number of participants in certification
training**
297

Annexation typically considers the projected land needs of a municipality from 30 to 50 years in the future. Transferring land from one municipality or local authority to another may have an impact on the rights of individual property owners in terms of how they use their land and how they are taxed. For the local authority or municipality, the transfer may have an impact on the services it is now required to provide and result in an increase or decrease in tax revenue. The relative complexity of a particular annexation depends on a few factors such as the amount of land involved, the number of affected landowner and the amount of compensation.

Despite the potential for conflict between 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. As a result, the tribunal has been able to process these applications without a public hearing.

The tribunal makes annexation recommendations based on the evidence, clearly defined principles, and on a fair process, in the form of a written report to the Minister. The Minister may, at this point, accept or reject the recommendation. The decision of the Minister is then referred to Cabinet, which is the ultimate decision-maker.

The tribunal received seven annexation applications in 2023-24 and three annexation recommendations were submitted to the Minister of Municipal Affairs. As a result, the Lieutenant Governor in Council ordered the annexation of:

- 215.7 hectares (533.0 acres) of land from Red Deer County to the City of Red Deer;
- 2.2 hectares (5.4 acres) of land from the Municipal District of Wetaskiwin No. 10 to the Summer Village of Poplar Bay; and
- 184 hectares (455 acres) of land from the Municipal District of Willow Creek No. 26 to the Town of Claresholm.

Virtual hearings, which were adopted during the COVID-19 pandemic, allow for greater public participation, and as a result, the tribunal now offers this as an ongoing option.

Further, annexation applications received from the City of Cold Lake, the Town of High Level, the Summer Village of Silver Beach, and the Town of Raymond are expected to be processed by the tribunal in 2024-25. Currently, the tribunal is providing annexation related support to 19 other municipalities.

Subdivision and Development Appeals

Property owners and developers want to do as they choose on their own land, but their choices may have a negative impact on neighbours and the larger community in which they live. 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 decision whether to approve an application for subdivision or development is made at the local level, but because these decisions can have significant effects on the rights of citizens, the *Municipal Government Act* allows for the right of appeal.

The tribunal hears appeals of decisions made at a local level when the proposed subdivision or development has a provincial interest. Examples of provincial interest includes proximity of the land to a highway, body of water, or landfill, and appeals involving approvals from a provincial regulator or the Minister of Environment and Protected Areas.

Common issues disputed in subdivision appeals may include site suitability and road access. For development appeals, key issues include the local impacts of gravel pits, abattoirs, and wind and solar power projects.

Given that development is time sensitive, and delay can be costly, it is important for appeals to be heard and decided quickly. Following receipt of a subdivision or development appeal, the tribunal is legislatively required to hold a hearing within 60 days and 30 days, respectively. In addition, a written decision must be issued within 15 days of concluding the hearing. Given the importance of these decisions and the potential for precedential impact, the tribunal has legislative authority to extend these time frames when appropriate.

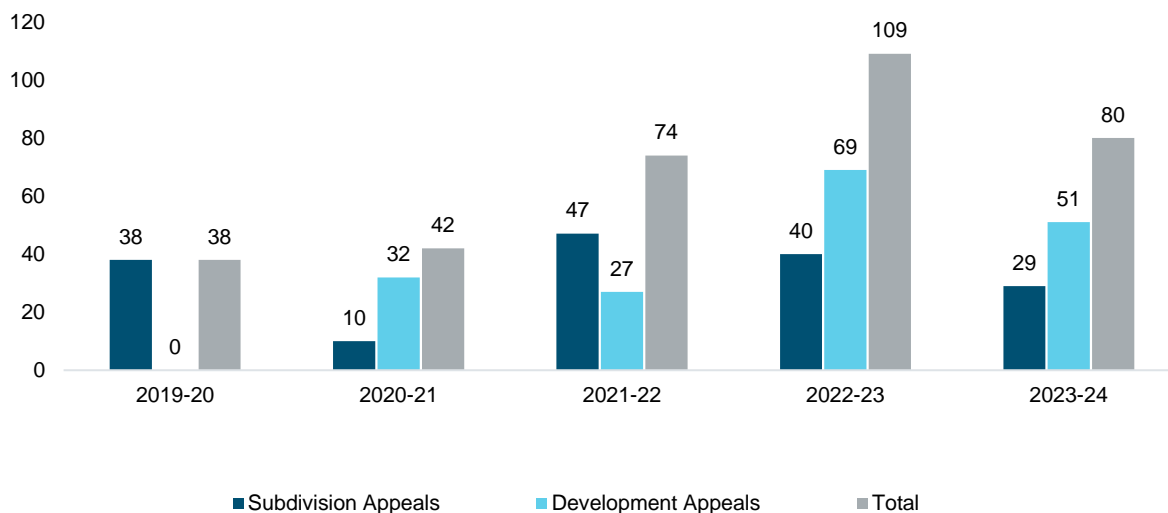
Appeals of these decisions are heard by the Court of Appeal – a process which can take years. This highlights the importance of the tribunal issuing fair and well-reasoned decisions that are supported by facts and law.

To accommodate the large volume of hearings, which involve municipalities and attendees from across Alberta, the tribunal holds its hearings virtually. In 2023-24, for subdivision appeals, the range of days between the hearing and issuing the decision was 13 to 89, with an average of 37 days. For development appeals, the range of days between the hearing and issuing the decision was two to 93, with an average of 28 days.

While the number of subdivision appeals the tribunal receives is relatively consistent, the complexity of these matters has increased. In 2022-23, 40 subdivision appeals were filed with 34 proceeding to a hearing requiring notice be provided to 883 affected parties. In 2023-24, 29 subdivision appeals were filed with 26 proceeding to a hearing, requiring notice be provided to 1,042 affected parties.

The tribunal first acquired jurisdiction for development appeals in 2020-21 when it received 32. By 2022-23 that number more than doubled to 69. In 2023-24, 51 development appeals were filed with 47 proceeding to a hearing, requiring notice be provided to 1,464 affected parties.

Appeals Filed, by Fiscal Year



Other Land Planning and Development Disputes

Intermunicipal Disputes

When a land use bylaw adopted by one municipality has, or may have, a detrimental effect on an adjacent municipality, there is the option for an appeal. The tribunal has the power to repeal or amend the disputed bylaw. Recent examples include a major commercial development in one municipality putting pressure on the existing transportation infrastructure of the neighbouring municipality.

Traditionally, most municipalities have been able to reach agreements when there is a dispute. No intermunicipal disputes were filed in 2023-24.

Section 619 Appeals

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, approval or other authorization of the Alberta Energy Regulator, Alberta Utilities Commission, Natural Resources Conservation Board, or their predecessors, an appeal can be filed with the tribunal under Section 619 of the *Municipal Government Act*. These appeals are rare but of great importance when they are heard, as even a single appeal can affect hundreds or even thousands of landowners, and often involve issues of great complexity.

In 2023-24, no Section 619 appeals were received.

Off-Site Levies

New subdivisions or development can put pressure on the existing municipal infrastructure for water, sewage, roads, fire halls, police stations, recreation centres and libraries. To fund new or expanded facilities, municipalities have the power to impose levies (also known as off-site levies) on developers as opposed to having the existing taxpayer foot the bill. Although the infrastructure will also benefit the broader community, the legislation also requires that there be a correlation between the offsite levy and the benefits to the new development.

Appeals of off-site levies are rare, but also complex. Two appeals were filed in 2023-24; one is in process and the other was withdrawn by the parties.

Section 635 Referrals

In 2020, the tribunal acquired jurisdiction under Section 635 of the *Municipal Government Act*, which allows the Minister to refer disputes between adjacent municipalities to the tribunal when they are unable to come to an agreement regarding intermunicipal development plans. The tribunal received one such referral from the Minister in 2021.

In 2023-24, no Section 635 referrals were received.

Designated Industrial Property Assessment Complaints

Alberta's property tax system aims to share the tax burden fairly. Revenue from major industrial facilities may represent a major portion of revenue for some municipalities, and the value of the property under consideration for these files is measured in billions of dollars. To ensure some predictability for industry and municipalities, designated industrial properties are assessed based on strict formulas established under legislation and binding ministerial guidelines.

Properties that fall under the definition of designated industrial property include facilities regulated by the Alberta Energy Regulator, and the Alberta Utilities Commission, or the Canadian Energy Regulator. As designated by the regulations, they include linear properties such as wells, pipelines, electric power systems, telecommunications systems and railways, and major plants.

The 2023-24 fiscal year saw the longest hearing in tribunal history, lasting 38 days, covering three years under complaint, and involving \$16.1 billion in assessed value.

Results Analysis

The Provincial Assessor is responsible for preparing the assessments for designated industrial property on behalf of the respective municipality or municipalities. The Minister of Municipal Affairs, by way of the Provincial Assessor, is a party to the tribunal's proceedings after a complaint is filed.

In 2023-24, the tribunal received 42 designated industrial property complaints representing \$23.6 billion in assessed value. Twenty-three of the 42 complaints were resolved between the parties and did not proceed to a hearing. A total of 61 hearing days were held in 2023-24; of which, 14 dealt with preliminary matters, such as postponements.

Since 2017, the tribunal has adjusted to increases in the number of hearings, the value of the properties under consideration, and the number of days required for hearings as outlined in the chart below:

Year	Number of Complaints	Assessed Value (in \$ billions)	Days of Hearing Scheduled
2017-18	5	\$0.91	None
2018-19	8	\$5.9	1
2019-20	37	\$12.0	1
2020-21	27	\$14.0	28
2021-22	19	\$16.5	7
2022-23	44	\$18.2	10
2023-24	42	\$23.6	61

Composite Assessment Review Boards

Sharing the tax burden equitably requires an assessment of the value of property. The higher the value of a property, the higher its assessment and the corresponding tax to be paid.

Each municipality has an official responsible for assessing properties within its boundaries. Property owners also have the right to appeal if they feel their assessment is inaccurate or unfair.

For many years, property owners who wanted to challenge their annual assessment had to struggle through two levels of appeal: first to the municipal assessment review board, and then to the former Municipal Government Board. Amendments to the *Municipal Government Act* in 2014 created a single appeal structure.

The Composite Appeal Review Boards routinely determine the value of multimillion-dollar properties such as apartments, motels, strip malls, and warehouses, as well as bigger facilities such as major office towers, hotels, and regional malls. Across the province, these properties represent many billions of dollars of assessed value.

The Local Assessment Review Board, whose members are all appointed by the municipality, remain the appeal body for residential properties (with up to three dwelling units). For multi-residential and non-residential properties, the body that hears the appeal is the Composite Assessment Review Board. Each Composite Assessment Review Board panel also has two municipally

appointed members, but the presiding officer must be a member of the tribunal. The provincially appointed members ensure consistent expertise is applied to appeals across Alberta.

In Edmonton and Calgary, hearings are scheduled in one-week blocks, with decisions to be issued within 30 days of the hearing. The tribunal must assign members to all scheduled hearings.

In 2023-24, there were 1,189 days of hearings scheduled, with 505 proceeding.

Expropriation

Expropriation is the compulsory taking of private land or property by the Crown. In simple terms, a person's home or business may be taken from them for projects that benefit the wider community such as schools, hospitals, power plants or roadways.

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 and interest.

Under common law, there are few protections for property owners, especially when it comes to expropriation. The legislation that was passed in Alberta in the 1980s provides for procedural safeguards (not found in all provinces), including notice and clear principles for compensation.

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

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 and the value of a special economic advantage enjoyed by the owner.

The expropriated owner is entitled to all reasonable costs throughout the process and in most cases interim costs are awarded so that the landowner is not disadvantaged compared to the expropriating authority.

Mediation is an important part of the service provided by the tribunal without charge. Successful mediation ensures that the solution is something that the property owner has agreed to. In all matters where the parties agreed to mediation in 2022-23, there was a 100 per cent success rate.

In 2023-24, two mediations were scheduled. One matter was settled at mediation and in the second matter, the parties made substantial progress at the mediation but not all issues were resolved. However, the parties reached a settlement within a few months and the scheduled six-day hearing was not required.

Case management through the dispute resolution conference is also a critical part of the expropriation process given the complexity and magnitude of the claims being made. The investment in this process pays off by reducing the number of matters that go to hearing.

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

In 2022-23, there were 42 new claims for more than \$115.6 million. In 2023-24, there were 29 new claims filed with respect to the Yellowhead Freeway Conversion Program in Edmonton, the Drumheller Resiliency

and Flood Mitigation Program, light-rail transit expansion projects in Edmonton, a utility right-of-way for a drainage line, and various highway projects throughout Alberta. The total dollar value claimed for 24 of the 29 new claims exceeded \$435 million.

Given the complexity of these matters, preliminary applications are a common feature. In 2023-24, there were 11 applications by Notice of Motion filed with the tribunal.

Expropriation matters that proceeded to hearing in 2022-23, resulted in one three-day oral hearing held virtually for a claim valued at \$393,750. Four hearings were also heard by way of written submissions. Settlements on six claims in 2022 resulted in 35 additional oral hearing days being cancelled.

In 2023-24, one single-day in-person oral hearing was held for the tribunal to determine if, among other issues, the parties had reached an enforceable settlement, and seven hearings were heard by way of written submissions. Settlements on six other claims in 2023 resulted in 40 scheduled oral hearing days being cancelled.

Applications under the *Surface Rights Act* (excluding Section 36)

Nine different application types can be made under the *Surface Rights Act*, other than recovery of compensation applications under Section 36. Each of these nine applications represents a different stage in the life cycle of a well, and the relationship between the landowner and the operator, which typically lasts between 30 and 50 years. Each application is unique, with different pressures based on time sensitivity, complexity, and the volume of applications filed.

In 2023-24, the tribunal received 583 applications and conducted 328 proceedings under the *Surface Rights Act*, excluding applications received under Section 36. These hearings follow the same general process as court proceedings. There are two types of hearings: those where submissions and evidence are provided in writing, and those where evidence is presented in-person or virtually.

For in-person or virtual hearings, a pre-hearing conference is scheduled within two to three weeks of the application being filed. The purpose of a pre-hearing conference is to set a date for the hearing, a schedule for document exchange dates, and to encourage settlement through identifying the issues in dispute. Scheduling the hearing depends on the availability of the parties and their experts. In 2023-24, 119 pre-hearing conferences were held. Members of the tribunal act as facilitators and decision-makers on preliminary matters raised in the pre-hearing conference.

The tribunal has established target timelines for issuing decisions on these applications based on the overall complexity of the underlying issues in dispute. Routine and complex applications have a decision issuance target of 90 days and 120 days, respectively, from the date of hearing. Precedent-setting applications, due to their nature, have no target timeline for issuing decisions.

In 2023-24, the tribunal exceeded its target timelines for issuing decisions on these applications. In total, 100 routine decisions were issued (an 81 per cent increase from the previous year). The average time for issuing a routine decision was four days. The average time for issuing a decision on a complex and precedent-setting applications was 115 days and 58 days, respectively.

The Nine Application Types under the *Surface Rights Act*

1. Right of Entry (Section 12)

For the vast majority of well sites, the operator and landowner agree on the terms of access and compensation under a surface lease. Compensation is based, in the first year, on the initial taking and construction damage. Thereafter, annual compensation is provided for the loss of the use of the land and for adverse effects to the remaining lands such as noise and inconvenience. In approximately 10 per cent of cases, the parties cannot agree, and the matter of access is dealt with by the tribunal.

These are the most time sensitive of all surface rights applications as approval has already been granted by the regulator and construction is imminent. In 2023-24, there were 124 applications for Right of Entry compared to 110 for 2022-23. From the date that a complete evidence package is provided by the applicant, the average timeline for the issuance of a right of entry order was four days.

2. Compensation for Right of Entry (Section 23)

This application type is the most complex of the non-Section 36 applications. Where the operator and the landowner cannot agree, compensation is fixed by the tribunal. These hearings are either in-person or virtual and are heard by a three or five-person panel. These are complex hearings with expert evidence being called on both sides. The hearing usually takes two to three days and compensation awarded can be in the tens of thousands and even millions of dollars. In 2023-24, there were no applications filed and no hearings. However, 90 consent orders were issued following a right of entry order after the parties agreed on compensation.

3. Five-Year Review (Section 27)

Regardless of whether access to the land is granted under a surface lease or right of entry order, both parties have the right to apply for a review of compensation every five years from the date of the lease or order. This is a new hearing, and there is no presumption in favour of the original rate of compensation.

The volume of these applications has increased dramatically since 2020, with 516 applications filed in 2022-23. However, in 2023-24, there was a reduction in applications, with only 144 filed, requiring 35 days of hearings.

These hearings are held in-person or virtually before a three-person panel and the average time for issuance of these decisions is 123 days.

4. Damages (Section 30)

Landowners have a statutory cause of action for damage to land outside the lease or for loss to livestock or other personal property. The landowner may also claim for the time and expense recovering any stray livestock. The maximum claim is \$50,000 and there is a two-year limitation period to bring a claim to the tribunal. The landowner must provide evidence of the loss, and they must prove negligence on the part of the operator. Applications under this section are not as common but usually require a full-blown hearing before a three-person panel.

In 2023-24, there were 14 damages applications filed requiring two days of hearings.

The average time for issuance of these decisions is 122 days.

5. Respondent amendments (Section 35.1)

If an interest in the land has transferred and requires a change of respondents on a tribunal order, an applicant may make an application to the tribunal under this section. However, if an issue as to the proper identification of the landowner arises in the course of another application type, the tribunal will make the amendment without requiring a formal application.

6. Trespass (Section 38)

This is a rare application type. Claims relating to trespass are dealt with as part of an application under Section 23 or 27.

7. Costs (Section 39)

The costs borne by the landowner, their counsel, and their witnesses, including experts for any proceeding under the *Surface Rights Act* including negotiations with the operator, are recoverable through an application for costs under Section 39. Costs may be claimed as a separate application or as part of the other proceedings. Landowners are to be fully compensated for all reasonable costs in the same manner as costs for expropriation.

8. Re-hearings (Section 29)

The Act gives the tribunal the power to in effect, appeal its own decisions. This is not a right of appeal but a discretion remedy. As these are appeals of decisions made by other tribunal members, only the most experienced members are assigned to these files. These decisions can be further appealed to the court by way of judicial review. There has been a steady increase in the number of applications filed from 26 received in 2019-20 to 149 in 2021-22. In summer 2022, the backlog of 150 outstanding decisions was eliminated through the efforts of one member. Today, three members specialize in this work.

In 2023-24, 141 applications for review of a decision were filed, an 81 per cent increase from 2022-23 when 77 were received.

While these are written hearings before a single member, these decisions will have an impact on future files and therefore are classified as precedent-setting, without a specific target for issuance.

However, the average time for issuance of Section 29 decisions is 58 days.

9. Termination of right of entry order (Section 28)

Termination is the end of the story, as it were for the relationship between the operator and the landowner established by a right of entry order. Once reclamation is complete, the operator may apply to the tribunal in the case of a right of entry order to have that order terminated and with it, the obligation to pay. These are time-sensitive matters as the obligation to pay continues until the order is terminated. These are typically written hearings before a one-person panel and are classified as routine. The average time for issuance is four days.

Why the *Surface Rights Act* is Important to Albertans

Under common law, landowners and occupants of land had little power, as mineral owners had the unimpeded right to enter onto farm property even if the land was destroyed or disturbed. To redress this inequity, in the 1940s 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 is the body that adjudicates these disputes. These 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.

Recovery of Compensation (Section 36 Surface Rights Act)

When an operator fails to pay annual compensation or any payment that is due under a compensation order or surface lease, the person entitled to receive the money has the right to apply to the tribunal for relief. The right to apply for relief when operators fail to pay a surface lease exists nowhere else in Canada.

Unlike any other application, the tribunal obtains the evidence in support of the application, identifies the operator, and issues a notice of demand for payment.

The best possible outcome of a Section 36 application is that the operator pays the landowner.

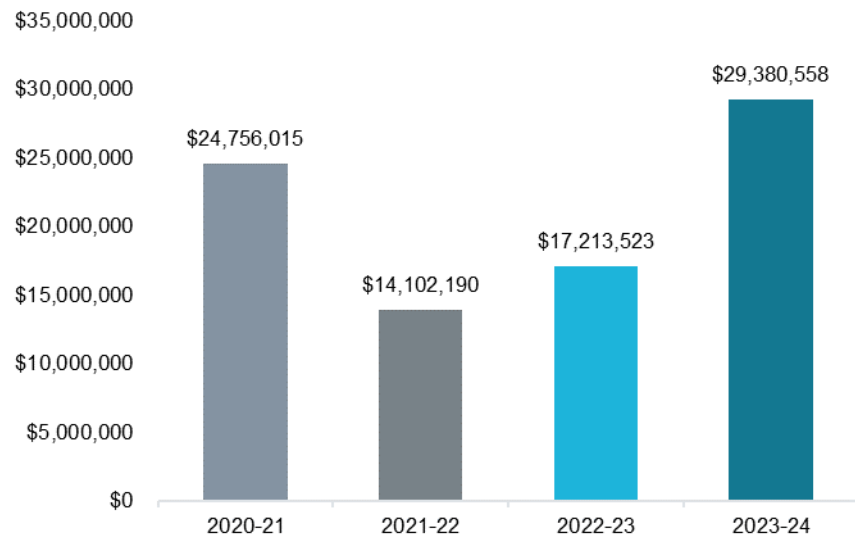
To identify the operator and determine the address for service of the demand notice, tribunal staff obtain evidence from Corporate Registry, Land Titles, the Alberta Energy Regulator, and Alberta Environment and Protected Areas, which, on average, requires just under two hours for each file. This investigation stage applies to every application that is filed every year.

Written decisions are issued on each file, and there were 5,612 Section 36 decisions in 2023-24, resulting in more than \$29 million directed to rural landowners. The typical payment to individual landowners is in the range of \$3,500 per year.

There are several factors outside the control of the tribunal that can delay decisions:

- **Volume:** The tribunal receives a large volume of applications, with an approximate 500 per cent increase in applications received from 2015-16 to 2023-24.
- **Statutorily required notice periods:** For all first-time applications, there is a mandatory 30-day demand notice for operators to make payment or file an objection. Should a panel determine that termination is an appropriate remedy, there is an additional notice period mandated in the legislation which the tribunal has interpreted as a further 30 days.
- **Incomplete applications:** Approximately 25 per cent of applications received are deficient. The most common problems are a failure to have all owners apply and a lack of documentation. To reduce deficiency rates, the tribunal has consolidated the first-year and returning application forms, and no longer requires signatures from all applicants. In addition, the tribunal has developed an instructional step-by-step video about how to complete the application form that will be implemented in 2024-25.

Amount directed for payment pursuant to Section 36 of the Surface Rights Act

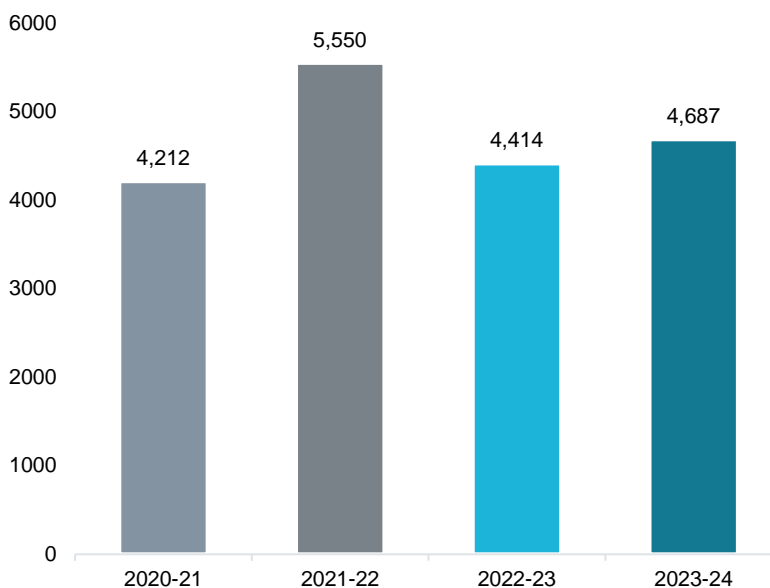


- Operator Objections: Operators have the right to challenge the sufficiency of the application and their status as an operator responsible for payment. While the legislation and the case law establish that liability as between operators is joint, a common objection that is raised by operators is that they should only be responsible for the proportionate share of compensation based on their working interest in a site. Another common objection which has now been addressed by the Court of King’s Bench is the argument that an operator who acquires an interest by way of a vesting order is not responsible for prior debts.

In 2018-19, the timeline for issuing routine Section 36 decisions exceeded two years. By 2023-24, it took five to six months.

The chart below demonstrates the volume of applications received under Section 36 of the *Surface Rights Act* over the past four fiscal years.

Number of applications received pursuant to section 36 of *Surface Rights Act*



Timelines are based on the complexity of the file, with approximately 20 per cent of all Section 36 files classified as complex, based on deficiencies in the evidence or objections raised by the operators. The target for decisions to be issued for complex decisions is 210 days from the date the file is received. Due to volume, in 2023-24, the time for decisions to be issued was approximately 410 days. The tribunal is allocating additional resources to this area and anticipates improved timelines for complex decisions in 2024-25.

The remaining 80 per cent of Section 36 files are classified as routine. What has been described as a “routine 36 application” is actually a “templated decision.”

The members assigned to these files perform an audit-like function, checking that the information in the decision is consistent with the evidence package and that all statutory requirements have been met.

The target to issue decisions on routine applications is 90 days from the date received. In 2023-24, due to the high volume of applications it continues to receive, the tribunal has had extended timelines of five to six months to issue these decisions. Although more improvement is required, the tribunal has made significant progress from previous years when decision timelines exceeded two years.

Looking to the future, according to the Alberta Energy Regulator there are approximately 170,000 abandoned wells in Alberta and the tribunal estimates that about 20 per cent of eligible landowners will apply for recovery of unpaid compensation. To build capacity and further reduce decision timelines, the tribunal is continuing to improve and modernize its processes, as discussed further below.

Mediation and Dispute Resolution

In previous annual reports, mediation and dispute resolution at the tribunal have been discussed under the various application types. The work in expropriations has long benefited from a robust mediation program. While case management is an essential feature for all application types, mediation is not always a practical option for all applications. For example, for true appeals, such as subdivision and development, assessment, and designated industrial property appeals, the public interest component, and tight timelines for setting a hearing date do not allow for formal mediation.

On the other hand, applications under the *Surface Rights Act* are well suited to mediation, as the relationship between the landowner and the operator typically lasts from 30 to 50 years. The impetus for many applications under the *Surface Rights Act* may have nothing to do with financial interests. Mediation and dispute resolution processes obviously do not work for applications under section 36, as the application is being made because the operator is no longer a viable corporation.

To encourage mediation in the surface rights context, in 2023-24, the tribunal identified internal staff members who have a recognized expertise in case management and mediation, and facilitators for pre-hearing conferences are chosen from this group of specialists. The facilitators aid the parties in preparing for hearings and encourage them to pursue mediation when possible. Where the parties agree, mediation sessions are scheduled within two to three weeks of the first pre-hearing conference.

4.2 Strengthen the rights of landowners and operators to fair and timely decisions on surface rights matters by modernizing processes through technology, and reducing timelines for issuing decisions.

New Technology and Streamlined Processes

The tribunal has introduced new technology and streamlined its processes to improve decision timelines for surface rights applications. This includes enhancements to its Surface Rights E-File Portal, implementing robotic process automation software to speed up application intake processing and email responses, and combining first year and returning recovery of compensation applications into one form. The tribunal also made a significant improvement to how it processes routine recovery of compensation applications by combining decisions issued under Section 36(4) with direction to pay orders under Section 36(6).

Further projects planned for 2024-25 include restricting the recovery of compensation team to ensure that the most experienced staff work on the most complex applications, automating the disclosure of evidence packages for parties to recovery of compensation applications, developing an online instructional video to complete surface rights applications, and improving its website to make it easier to navigate and find information and application forms.

4.3 Provide certification training for municipal board members and clerks of assessment review boards and subdivision and development appeal boards.

Training

The tribunal provides an extensive amount of training for the public and its members. Of the approximately 260 work days in a year, the tribunal provides training on more than 150 days. The training program is now managed by a specialized unit within the tribunal with a designated director in charge.

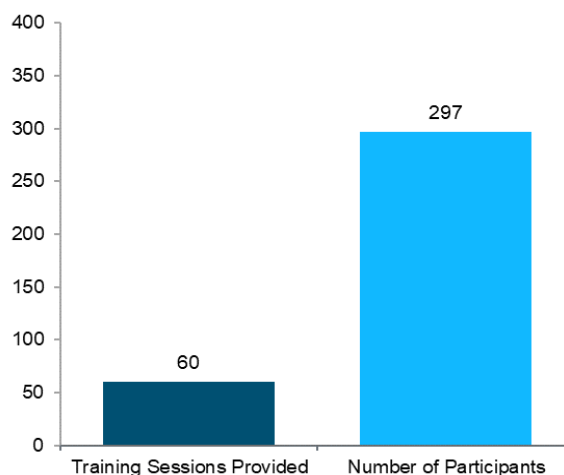
The tribunal is solely responsible for providing certification training to members and clerks of municipal assessment review boards and subdivision and development appeal boards across the province. The legislation also mandates recertification every three years.

In 2023-24, the tribunal provided 45 training sessions for assessment review board members and clerks involving 188 participants. An additional 24 participants registered for advanced training (self-study) through the tribunal where no in-person training is provided. In 2022-23, 15 training sessions were provided for members and clerks of subdivision and development appeal boards across the province involving 85 participants. While tribunal members also take this training, they make up a small fraction of the total participants.

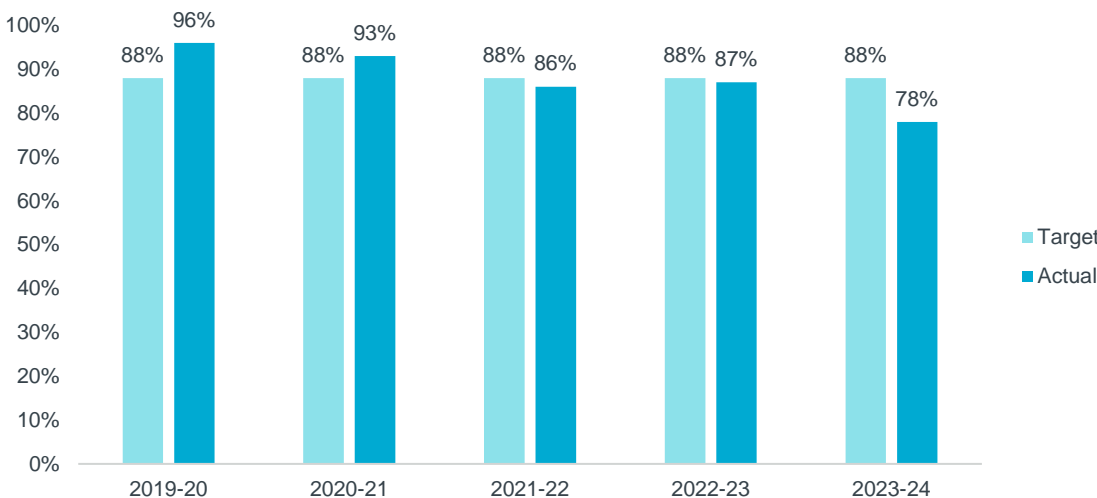
The tribunal, like the courts, has developed extensive in-house training for its members. With the assistance of the judiciary and members with expertise in specific areas such as agriculture, assessment, and law, 39 training sessions were provided to tribunal members in 2023-24.

The tribunal is also expanding the audience for some selected courses. In 2023-24, members from assessment review boards across the province were invited to a session that had traditionally been provided to members only. This proved to be so successful that additional sessions are planned for the next fiscal year.

Certification Training (All Courses), 2023-24
(for both assessment and subdivision and development boards across the province)



Performance Measure 4.a: Percentage of parties who are satisfied or neutral regarding the Land and Property Rights Tribunal’s adherence to rules of natural justice while adjudicating land planning, development, right of entry, compensation and assessment matters



When a matter is brought before the board and a hearing is held, and a decision made, one party will be on the winning side, and the other party on the losing side of that decision. The only true measure of the tribunal’s performance is whether the parties were satisfied that they were treated fairly, regardless of the final decision. The current measure, and the survey, have 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 with and impacted by decisions from the hearings and the hearing process. The tribunal has set for itself a target of 88 per cent of the parties based on past performance.

The 2023-24 measure result (for the 2022-23 fiscal year) of 78 per cent is 10 percentage points below the target of 88 per cent and indicates stakeholders are not as satisfied with the tribunal's appeal process, as compared to the previous four years. The 88 per cent target represents a high standard of expected performance. To meet this target in an adjudicative process where 50 per cent of parties receive decisions not in their favour, 75 per cent of those that received decisions not in their favour must also 'agree' or 'not disagree' that they received a fair hearing.

The survey focuses on two general areas: the hearing process; and timeliness of the written decision.

The tribunal scored strongest on the hearing process component of the survey. Eighty-nine per cent of the parties were overwhelmingly satisfied that the tribunal acted in a courteous manner, 79 per cent were generally satisfied they were provided an opportunity to present their case, 78 per cent said the hearing process was easy to understand, 79 per cent said the hearing was conducted in a timely manner, and 70 per cent said the hearing process was fair, unbiased, and impartial.

The tribunal scored weakest on the written decision component of the survey, with 70 per cent of the parties generally satisfied that the written decision was issued in a timely manner. While this represents a slight decline (two percentage points lower than the previous year's result), the 70 per cent result is still a strong performance compared to prior years – the tribunal scored 16 percentage points lower in 2018-19 with a result of 54 per cent.

In recent years, the tribunal has placed considerable emphasis on improving the timeliness of written decisions, mainly by introducing target timelines for issuing written decisions and reallocating additional resources to areas experiencing high volumes of applications or appeals.

The reduced score is likely the result of two factors: a higher amount of contentious development appeals; and the switch from in-person to virtual hearings.

Development Appeals

Forty-seven per cent of survey respondents were involved in development appeal hearings, which involve highly contentious development applications for gravel pits, abattoirs, solar farms, wind farms, and other large developments. The *Municipal Government Act* allows any person to appeal a proposed development. The tribunal must notify all landowners of a development hearing who live within a prescribed distance of the proposed development. This can often result in numerous parties participating in, or observing a hearing, and all these parties are invited to respond to the survey.

Development appeals are a relatively new jurisdictional area for the tribunal, following a legislative change in 2020-21, and the tribunal has received a large volume of development appeals (69 appeals received in 2022-23 and 48 received in 2023-24). Developments can be contentious due to concerns from local landowners about potential impacts, including: noise, pollution, odour, traffic, inconvenience, and reduced property values.

Many of the anonymous comments provided in the survey are emotionally charged responses based on the resulting decision from the development hearing they attended. Comments included allegations of bias of members, uninformed/untrained members, unhappiness with the decision, etc. These responses likely had a negative impact on the scores achieved.

Virtual Hearings

There were a number of concerns about the virtual hearing format the tribunal introduced in 2020-21. As virtual hearings are still relatively new, there is a learning curve for individuals to participate effectively. The

Results Analysis

tribunal is working towards improving the virtual hearing experience by modernizing its audio and visual equipment, and extending supports to individuals who require additional assistance. This includes inviting individuals to participate in the virtual hearing from the tribunal's office with the assistance of administrative staff. The tribunal still holds in-person hearings as required to ensure fairness for parties.

Performance Measure and Indicator Methodology

Performance Measure 1.a: 5 to 1 Tax Ratio Compliance (under development)

This measure was under development in 2023-24 and introduced for the first time in the 2024-27 Business Plan as: *Number of municipalities not compliant with the 5 to 1 tax ratio*. It examines the number of municipalities not compliant with the legislated 5 to 1 tax ratio, which specifies the maximum spread between non-residential and residential property tax rates. A compliant tax ratio promotes economic competitiveness for municipalities and more equitable tax treatment for non-residential properties used by industry. Results will be reported in the 2024-25 Annual Report.

Performance Measure 2.a: Percentage of municipalities who have met or exceeded the minimum performance targets for financial and governance risk indicators

Prior Years' Results				2023-24 target (2022)	2023-24 Actual (2022)
2019-20 (2018)	2020-21 (2019)	2021-22 (2020)	2022-23 (2021)		
94%	94% ¹	95%	92.5%	90%	93%

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

The percentage of municipalities who have met or exceeded the minimum performance targets for financial and governance risk indicators is 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: legislatively permitted ministerial interventions; and 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:

$$\% = \frac{(\text{Total Number of Municipalities} - \text{Number of Triggered Municipalities}) \times 100}{\text{Total Number of Municipalities}}$$

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 2023-24 reflect the 2022 calendar year.

Source

Data Collection Processes

The 2023-24 result reflects the 2022 calendar year (January 1 to December 31, 2022). 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. 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 followup 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 can enter the election information directly into the Elections Database or upload it 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 by-elections. Data is updated after every election but is 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 daily as correspondence is received or ministry action is required. This 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 Policy Coordination 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 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 the 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				2023-24 (2023) Target	2023-24 (2023) Actual
2019-20 (2019)	2020-21 (2020)	2021-22 (2021)	2022-23 (2022)		
0.80	0.59	0.67	0.61	0.65	0.78

Note: There are known gaps in the fire data provided by some municipalities. It is unclear how the actual result may be influenced.

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.

$$\frac{\text{Number of Injuries and Fatalities} \times 100,000}{\text{Provincial Population}}$$

Source

Data for this measure comes from a combination of:

- incidents that are reported by safety codes officers to the administrators for each discipline; and
- population data from Treasury Board and Finance.

Incident reports

The Administrative Items Regulation, under the *Safety Codes Act*, sets out the reporting requirements for most safety disciplines. The National Building Code of Canada – Alberta Edition, sets out reporting requirements for the building discipline, and the Pressure Equipment Safety Regulation sets out reporting requirements for the pressure equipment discipline. Generally, 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 were historically based on the latest municipal or federal census counts reported to the Minister as of September 1 (of the calendar year). Following the repeal of the Determination of Population Regulation, beginning in 2021, population figures used for this measure are the most recent published number from Treasury Board and Finance at the time of reporting.

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

This metric did not appear in the 2023-26 Business Plan.

Prior Years' Results				2023-24 (2023)
2019-2020 (2019)	2020-2021 (2020)	2021-2022 (2021)	2022-23 (2022)	
4.05	3.04	4.44	4.87*	6.69

* There are known gaps in the fire data provided by some municipalities; it is unclear how the actual result may be influenced. The department is collaborating with affected municipalities to ensure this data is collected for future reporting years.

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.

$$\frac{\text{Number of Injuries and Fatalities} \times 100,000}{\text{Provincial Population}}$$

Source

Data for this measure comes from a combination of:

- incident reports by safety codes officers to the administrators for each discipline; and
- population data from Treasury Board and Finance.

Incident reports

The Administrative Items Regulation, under the *Safety Codes Act*, sets out the reporting requirements for most safety disciplines. The National Building Code of Canada – Alberta Edition sets out reporting requirements for the building discipline, and the Pressure Equipment Safety Regulation sets out reporting requirements for the pressure equipment discipline. Generally, 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 were historically based on the latest municipal or federal census counts reported to the Minister as of September 1 (of the calendar year). Following the repeal of the Determination of Population Regulation, beginning in 2021 population figures used for this measure are the most recent published number from Treasury Board and Finance 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

This metric did not appear in the 2023-26 Business Plan

Prior Years' Results				2023-2024 (2023)
2019-2020 (2019)	2020-2021 (2020)	2021-2022 (2021)	2022-2023 (2022)	
56.87*	54.67*	94.04*	166.07*	116.10

*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.

Note: There are known gaps in the fire data provided by some municipalities; it is unclear how the actual result may be influenced. The department is collaborating with affected municipalities to ensure this data is collected for future reporting years.

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 were historically based on the latest municipal or federal census counts reported to the Minister as of September 1 (of the calendar year). Following the repeal of the Determination of Population Regulation, beginning in 2021, population figures used for this measure are the most recent published number from Treasury Board and Finance at the time of reporting.

Performance Measure 4.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				2023-24 Target	2023-24 Actual
2019-20	2020-21	2021-22	2022-23		
96%	93%	86%	87%	88%	78%

The Land and Property Rights Tribunal staff collect contact information from hearing participants to use for survey purposes. The survey uses a five-point, anchored satisfaction scale that asks respondents to rate their agreement 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, 2022 to March 31, 2023, 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 email address to preserve anonymity.

In spring 2023, an email was sent to all parties asking them to complete the optional online 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 the 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 tribunal staff in May and completed in June 2023, in order to capture all parties that attended hearings in 2022-23. (Note:

Results Analysis

there is a one-year lag for this performance measure. For the 2023-24 reporting period, the survey covers the 2022-23 fiscal year.)

Opinio allows reports to be run from the survey responses and the reports are stored on an internal drive.

Financial Information

Year ended March 31, 2024

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Reporting Entity and Method Consolidation

The consolidated 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 for which the Minister is accountable. The accounts of the ministry, which includes the department and the Safety Codes Council making up the ministry, are 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.

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.

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*.

Ministry Financial Highlights

Statement of Revenues and Expenses (unaudited)

Year Ended March 31, 2024

	2024		2023	Change from	
	Budget	Actual	Actual	Budget	2023 Actual
<i>in thousands</i>					
Revenues					
Government Transfers					
Federal and Other Government Grants	\$ 296,255	\$ 277,696	\$ 264,716	\$ (18,559)	\$ 12,980
Premiums, Fees and Licenses	19,885	20,922	19,513	1,037	1,409
Investment Income	276	424	524	148	(100)
Other Revenue	16,315	20,326	16,990	4,011	3,336
Ministry total	332,731	319,368	301,743	(13,363)	17,625
Inter-ministry consolidation adjustments	-	-	-	-	-
Adjusted ministry total	332,731	319,368	301,743	(13,363)	17,625
Expenses - directly Incurred					
Programs					
Ministry Support Services	5,581	4,302	4,502	(1,279)	(200)
Municipal Services	49,062	48,240	44,027	(822)	4,213
Municipal Assessment and Grants	26,551	27,910	22,274	1,359	5,636
Municipal Sustainability Initiative	545,000	545,000	515,000	-	30,000
Federal Grant Programs	296,897	277,696	264,666	(19,201)	13,030
Grants in Place of Taxes	36,000	33,259	30,796	(2,741)	2,463
Alberta Community Partnership	15,400	16,351	15,381	951	970
Technical and Corporate Services	15,021	13,047	13,201	(1,974)	(154)
Land and Property Rights Tribunal	7,842	7,071	6,994	(771)	77
Calgary Event Centre-Community Rink	-	400	-	400	400
Safety Codes Council	15,933	16,009	13,666	76	2,343
Ministry total	1,013,287	989,285	930,507	(24,002)	58,778
Inter-ministry consolidation adjustments	-	-	-	-	-
Adjusted ministry total	1,013,287	989,285	930,507	(24,002)	58,778
Annual deficit	\$ (680,556)	\$ (669,917)	\$ (628,764)	\$ 10,639	\$ (41,153)

Revenues and Expenses Highlights

Year ended March 31, 2024
(in thousands)

REVENUES

Total revenue in 2023-24 was \$319,368, an increase of \$17,625 from 2022-23, and (\$13,363) lower than Budget 2023-24:

In 2023-24, revenue was lower than budget mostly due to a (\$17,432) decrease in the Investing in Canada Infrastructure Program (ICIP) as a result of project delays in the 2023-24 fiscal year. There was a slight increase of \$4,011 reported in Other Revenue, mainly due to recoveries from several grant programs.

In 2023-24, revenue was higher than in 2022-23 primarily due to the scheduled increase in the Canada Community-Building Fund (CCBF) of \$10,903 from the federal government; an increase of \$2,077 in federal government funding for the ICIP program as more projects progressed in 2023-24 as compared to 2022-23; and an increase of \$3,336 in Other Revenue resulting from grant program recoveries.

EXPENSES

In 2023-24, total expenses were \$989,285, an increase of \$58,778 from 2022-23, and (\$24,002) lower than Budget 2023-24.

Municipal Sustainability Initiative

2023-24 expense was \$30,000 higher than in 2022-23, due to an increase in Municipal Sustainability Initiative operating funding in Budget 2023-24, to support the delivery of municipal services.

Federal Grant Programs

2023-24 expense was (\$19,201) lower than budget primarily due to a reduction of (\$17,429) in ICIP because of project delays during the 2023-24 fiscal year; a decrease of (\$1,291) in Small Communities Fund due to the carry forward of unspent funds from 2023-24 to the future years; and a slight decrease of (\$481) in CCBF.

2023-24 expense was \$13,030 higher than in 2022-23 mostly due to an increase of \$10,903 in the CCBF 2023-24 allocations from the federal government as a result of indexing; and an increase of \$2,127 in ICIP.

Municipal Assessment and Grants

2023-24 expense was \$5,636 higher than in 2022-23 mainly due to a write-down expense related to an information technology system and increased legal services costs as a result of an increase in assessment complaints.

Municipal Services

2023-24 expense was \$4,213 higher than in 2022-23 mainly due to a funding increase in Budget 2023-24 in support of public libraries.

Grants in Place of Taxes

2023-24 expense, totaling \$33,259, was (\$2,741) lower than budget, as assessment value growth was not as high as originally estimated.

2023-24 expense was \$2,463 higher than in 2022-23, primarily due to newly constructed Grants in Place of Taxes properties, and to fund the increases in municipal property assessment values of existing government owned properties.

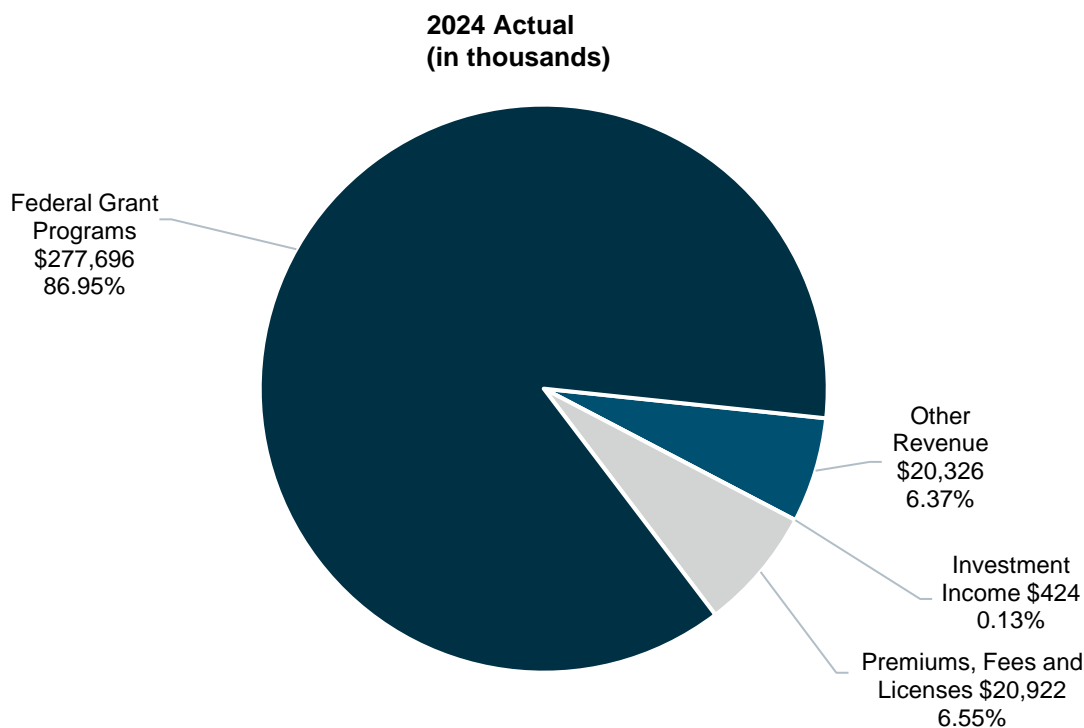
Safety Codes Council

2023-24 expense was \$2,343 higher than in 2022-23, mostly due to wage increases and inflationary pressures resulting in higher operating and property costs.

Breakdown of Revenues (unaudited)

Year Ended March 31, 2024
(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:

Canada Community-Building Fund	\$ 265,734
<u>Investing in Canada Infrastructure Program</u>	<u>11,962</u>
	<u>\$ 277,696</u>

Premiums, Fees and Licenses

- The most significant sources of revenue in Premiums, Fees and Licenses are from the Safety Codes Council.
 - The Safety Codes Council collects operating fees from municipalities, agencies and corporations as well as certification, accreditation, appeals, and course fees. In 2023-24, fees totaled \$16,033.

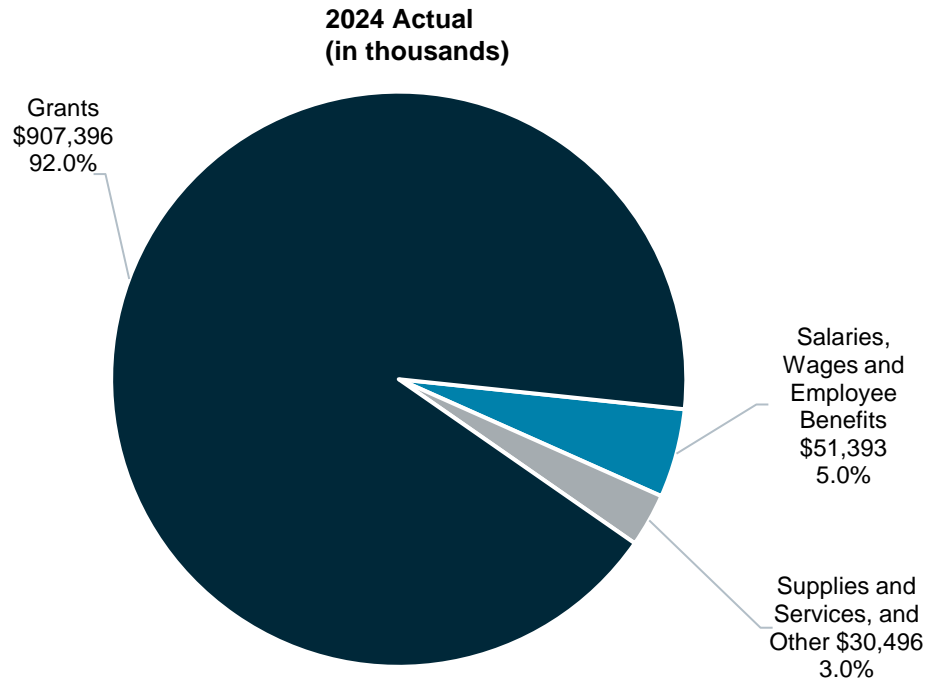
Other Revenue

- In 2023-24, the ministry recorded \$20,326, mostly due to Prior and Current Year Expenditure Recoveries.

Expenses – Directly Incurred Detailed by Object (unaudited)

**Year Ended March 31, 2024
(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 totaled 92 per cent of operating expense.

The largest grant programs were as follows:

Municipal Sustainability Initiative	\$ 545,000
Canada Community-Building Fund Grants	265,415
Public Library Services	34,275
Grants in Place of Taxes	33,259
Alberta Community Partnership	16,351
Other	13,096
	<u>\$ 907,396</u>

Other Financial Information

Trust and Other Funds Under Administration (unaudited)

Year Ended March 31, 2024

(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, 2023 and December 31, 2022 are as follows:

	2023	2022 Restated
Special Areas Trust Account	\$ 347,214	\$ 341,827
Improvement Districts' Trust Account	19,958	17,915
	<u>\$ 367,172</u>	<u>\$ 359,742</u>

The 2022 figures for the Special Areas Trust Account has been restated for accounting changes relating to Asset Retirement Obligations.

Improvement Districts' Trust Account
 Summary Statement of Revenues and Expenditures
 Year Ended December 31, 2023
 (unaudited)

	Improvement Districts						Total									
	4	9	12	13	24	25		Kananaskis								
					(Waterton)	(Banff)	(Jasper)	(Elk Island)	(Wood Buffalo)	(Willmore Wilderness)						
Assets	\$	673,488	\$	19,078,557	\$	1,423,404	\$	630,644	\$	752,604	\$	537,410	\$	6,476,048	\$	29,572,155
Liabilities		79,833		5,492,691		539,148		333,405		691,252		537,410		1,940,774		9,614,513
Net assets	\$	593,655	\$	13,585,866	\$	884,256	\$	297,239	\$	61,352	\$	-	\$	4,535,274	\$	19,957,642
Revenues	\$	851,939	\$	5,078,014	\$	554,173	\$	225,984	\$	74,058	\$	122,090	\$	3,379,073	\$	10,285,331
Expenditures		779,208		3,601,296		411,799		212,108		65,322		122,090		3,051,205		8,243,028
Excess / (Deficiency) of revenue over expenditure	\$	72,731	\$	1,476,718	\$	142,374	\$	13,876	\$	8,736	\$	-	\$	327,868	\$	2,042,303

Improvement Districts' Trust Account
 Detailed Statement of Revenues and Expenditures
 Year Ended December 31, 2023
 (unaudited)

	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	\$ 993,554	\$ 4,835,314	\$ 76,036	\$ -	\$ 14,045	\$ -	\$ 1,557,764
Federal grants	320,587	1,658,769	40,628	30,364	25,479	-	11,030
Provincial grants	-	-	-	-	-	-	37,107
Power and pipeline	6,425	320,634	152,611	4,213	7,142	-	500,069
	1,320,566	6,814,717	269,275	34,577	46,666	-	2,105,970
Less payment of requisitions to:							
Alberta School Foundation Fund	677,903	2,437,166	214,118	24,286	10,122	-	559,679
Seniors Foundation	-	114,874	13,784	-	-	-	33,599
Designated Industrial Property	-	3,180	2,791	-	-	-	5,796
	677,903	2,555,220	230,693	24,286	10,122	-	599,074
General municipal taxes	642,663	4,259,497	38,582	10,291	36,544	-	1,506,896
Government transfers	158,200	223,094	344,298	199,412	32,958	122,090	321,880
Penalties and costs	7,816	268	69	-	992	-	(4,766)
Interest	43,035	350,458	38,262	16,281	3,564	-	140,746
Utility Services	-	-	-	-	-	-	489,639
Other	225	244,697	132,962	-	-	-	924,678
	851,939	5,078,014	554,173	225,984	74,058	122,090	3,379,073
EXPENDITURES							
General Municipal:							
Administrative services	85,759	331,996	22,053	3,532	3,693	-	599,969
Protective services	22,859	1,017,838	33,577	964	30,837	-	1,635,222
Transportation services	-	-	-	-	-	-	74,525
Assessment fees	26,375	30,000	13,900	8,750	13,900	-	92,925
Grants	-	-	342,269	198,862	16,892	122,090	-
Recreation and cultural services	620,030	1,808,251	-	-	-	-	680,113
Utilities	-	46,961	-	-	-	-	2,428,281
Honorarium	18,100	117,705	-	-	-	-	54,899
Garbage collection and disposal	-	-	-	-	-	-	101,860
Bad debt	-	-	-	-	-	-	135,805
Amortization	-	196,586	-	-	-	-	363,140
Other expenditures	6,085	51,959	-	-	-	-	951
	779,208	3,601,296	411,799	212,108	65,322	122,090	3,051,205
Excess / (Deficiency) of revenue over expenditure	\$ 72,731	\$ 1,476,718	\$ 142,374	\$ 13,876	\$ 8,736	\$ -	\$ 327,868
							\$ 2,042,303

Lapse/Encumbrance (unaudited)
Department of Municipal Affairs
Year Ended March 31, 2024
(in thousands)

	Voted Estimate (1)	Supplementary Estimate(2)	Adjustments (3)	Adjusted Voted Estimate	Voted Actuals (4)	(Unexpended Over Expended)
EXPENSE VOTE BY PROGRAM						
Operating Expense						
1 Ministry Support Services						
1.1 Minister's Office	\$ 894	\$ -	\$ -	\$ 894	\$ 595	\$ (299)
1.2 Deputy Minister's Office	907	-	-	907	883	(24)
1.3 Support Services	3,510	-	(200)	3,310	2,848	(462)
	<u>5,311</u>	<u>-</u>	<u>(200)</u>	<u>5,111</u>	<u>4,326</u>	<u>(785)</u>
2 Municipal Services						
2.1 Program Support	690	-	-	690	679	(11)
2.2 Municipal Policy and Engagement	3,879	-	(300)	3,579	3,057	(522)
2.3 Municipal Capacity and Sustainability	4,772	-	(200)	4,572	5,139	567
2.4 Public Library Services	39,721	-	-	39,721	39,315	(406)
	<u>49,062</u>	<u>-</u>	<u>(500)</u>	<u>48,562</u>	<u>48,190</u>	<u>(372)</u>
3 Municipal Assessment and Grants						
3.1 Policy and Divisional Support	2,743	-	(150)	2,593	2,218	(375)
3.2 Assessment Services	13,859	1,197	1,826	16,882	14,711	(1,971)
3.3 Grants and Education Property Tax	6,903	-	(150)	6,753	6,671	(82)
	<u>23,505</u>	<u>1,197</u>	<u>1,326</u>	<u>26,028</u>	<u>23,600</u>	<u>(2,428)</u>
4 Municipal Sustainability Initiative						
4.1 Municipal Sustainability Initiative Operating	60,000	-	(1,834)	58,166	58,166	-
4.2 Municipal Sustainability Initiative Capital	485,000	-	1,834	486,834	486,834	-
	<u>545,000</u>	<u>-</u>	<u>-</u>	<u>545,000</u>	<u>545,000</u>	<u>-</u>
5 Federal Grants Programs						
5.1 Canada Community-Building Fund (formerly known as the Federal Gas Tax Fund)	266,214	-	4,322	270,536	265,734	(4,802)
5.2 Small Communities Fund	1,291	-	(1,291)	-	-	-
5.3 Investing in Canada Infrastructure - Administration	102	-	(6)	96	96	-
5.4 Investing in Canada Infrastructure - Rural and Northern Communities	25,051	-	(11,765)	13,286	8,825	(4,461)
5.5 Investing in Canada Infrastructure - Community, Culture and Recreation	4,239	-	8,214	12,453	3,042	(9,411)
	<u>296,897</u>	<u>-</u>	<u>(526)</u>	<u>296,371</u>	<u>277,697</u>	<u>(18,674)</u>
6 Grants in Place of Taxes	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>33,259</u>	<u>(2,741)</u>
7 Alberta Community Partnership	<u>15,400</u>	<u>-</u>	<u>-</u>	<u>15,400</u>	<u>16,351</u>	<u>951</u>
8 Technical and Corporate Services						
8.1 Warranty, Certification and Policy	2,437	-	-	2,437	2,385	(52)
8.2 Community and Technical Support	7,206	-	(250)	6,956	6,809	(147)
8.3 Residential Protection Program	2,664	-	-	2,664	2,066	(598)
8.4 Business Planning and Integration	2,607	-	(310)	2,297	1,710	(587)
	<u>14,914</u>	<u>-</u>	<u>(560)</u>	<u>14,354</u>	<u>12,970</u>	<u>(1,384)</u>

Lapse/Encumbrance (unaudited)
Department of Municipal Affairs
Year Ended March 31, 2024
(in thousands)

(Continued)

	Voted Estimate (1)	Supplementary Estimate(2)	Adjustments (3)	Adjusted Voted Estimate	Voted Actuals (4)	(Unexpended) Over Expended
9 Land and Property Rights Tribunal	7,842	-	(11)	7,831	6,985	(846)
10 Calgary Event Centre-Community Rink	-	-	400	400	400	-
Total	\$ 993,931	\$ 1,197	\$ (71)	\$ 995,057	\$ 968,778	\$ (26,279)
Lapse						\$ (26,279)

CAPITAL INVESTMENT VOTE BY PROGRAM

Department Capital Acquisitions

3 Municipal Assessment and Grants

3.2 Assessment Services	600	-	4,421	5,021	-	(5,021)
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8 Technical and Corporate Services

8.4 Business Planning and Integration	-	-	60	60	-	(60)
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9 Land and Property Rights Tribunal

	-	-	191	191	191	-
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Total	\$ 600	\$ -	\$ 4,672	\$ 5,272	\$ 191	\$ (5,081)
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Lapse						\$ (5,081)
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(Lapse)/Encumbrance

- (1) As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" page 163 to page 170 of the 2023-24 Government Estimates.
- (2) Per the Supplementary Supply Estimates approved on March 28, 2024 (Bill 15).
- (3) Adjustments include encumbrances, capital carry over amounts, transfers between votes, 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.
- (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.

Financial Statements of Other Reporting Entities

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Special Areas Trust Account
Financial Statements (audited)

Year ended December 31, 2023

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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



**Auditor
General**
OF ALBERTA

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, 2023, 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, 2023, 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

April 17, 2024
Edmonton, Alberta

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
		(Restated Note 25)
Financial Assets		
Cash (Note 3)	\$ 57,616,985	\$ 63,600,037
Accounts receivable (Note 4)	1,957,298	1,888,644
Notes receivable (Note 5)	4,121,599	3,400,240
Due from Province of Alberta (Note 6)	817,290	489,801
Due from Government of Canada (Note 7)	297,436	75,578
Taxes receivable (Note 8)	689,984	636,875
	<u>65,500,592</u>	<u>70,091,175</u>
Investments (Schedule 1)	33,967,485	33,266,085
Total Financial Assets	<u>99,468,077</u>	<u>103,357,260</u>
Liabilities		
Accounts payable and accruals	3,913,927	3,400,190
Vacation accruals	1,069,454	1,047,372
Deferred revenues	1,882,806	1,957,627
Deferred government grant revenue (Note 9)	353,858	2,579,146
Asset retirement obligation (Note 10)	1,121,740	1,165,756
Due to Province of Alberta (Note 6)	497,608	426,948
	<u>8,839,393</u>	<u>10,577,039</u>
Provision for gravel pit reclamation (Note 11)	3,252,000	3,086,000
Total Liabilities	<u>12,091,393</u>	<u>13,663,039</u>
Net Financial Assets (Schedule 3)	87,376,684	89,694,221
Non-financial assets		
Prepaid expenses	268,168	209,865
Tangible capital assets (Schedule 6)	251,452,580	243,137,313
Inventory (Note 12)	8,116,469	8,785,224
Total Non-Financial Assets	<u>259,837,217</u>	<u>252,132,402</u>
Accumulated Surplus (Note 13)	<u>\$ 347,213,901</u>	<u>\$ 341,826,623</u>

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SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		2022
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u> (Restated Note 25)
Revenues			
Net taxes for municipal purposes (Note 15)	32,133,000	33,695,815	36,225,878
Lease revenue (Note 16)	13,656,880	8,422,708	9,065,370
Government transfers for operating (Note 17)	4,286,698	3,445,745	6,117,071
Government transfers for capital (Note 17)	1,878,000	1,903,800	284,142
Interest	1,979,925	3,299,883	1,625,043
(Loss) gain on sale of tangible capital assets	-	(10,875)	3,813
Tax recovery land sales	6,000	(9,852)	3,207
Other revenue (Note 18)	2,219,000	3,076,006	2,644,119
Total revenues	<u>56,159,503</u>	<u>53,823,230</u>	<u>55,968,643</u>
Expenses			
Transportation services	30,979,896	19,648,230	21,493,246
Administrative services	5,322,632	5,959,756	5,489,695
Water and sanitation services	7,180,398	4,985,692	3,643,165
Agriculture and community development	2,890,971	2,807,213	2,710,558
Protective services	2,280,141	2,767,402	2,433,239
Recreational and cultural services	2,331,802	2,218,106	2,104,671
Industrial tax transfers	825,000	1,650,000	825,000
Amortization	7,872,293	8,399,553	7,806,157
Total expenses (Note 19)	<u>59,683,133</u>	<u>48,435,952</u>	<u>46,505,731</u>
Excess (deficiency) of revenues over expenses	\$ (3,523,630)	\$ 5,387,278	\$ 9,462,912
Accumulated surplus at beginning of year	<u>341,826,623</u>	<u>341,826,623</u>	<u>332,363,711</u>
Accumulated surplus at end of year	\$ <u><u>338,302,993</u></u>	\$ <u><u>347,213,901</u></u>	\$ <u><u>341,826,623</u></u>

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		2022
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	(Restated Note 25) <u>ACTUAL</u>
Excess of revenue over expenses	\$ (3,523,630)	\$ 5,387,278	\$ 9,462,912
Acquisition of tangible capital assets	(11,180,000)	(8,569,173)	(4,658,387)
Construction of roads and road surfaces	(7,633,785)	(8,403,759)	(4,977,104)
Loss (gain) on sale of tangible capital assets	-	10,875	(3,813)
Proceeds on disposal of tangible capital assets	920,000	247,237	389,045
Accretion of asset retirement obligation	-	-	-
Amortization of asset retirement obligation	-	15,367	15,449
Amortization of tangible capital assets	7,872,293	8,384,186	7,790,708
Change in prepaid expenses	-	(58,303)	5,336
Change in inventory	-	668,755	(463,446)
Increase (decrease) in net financial assets	(13,545,122)	(2,317,537)	7,560,700
Net financial assets, beginning of year	89,694,221	89,694,221	82,133,521
Net financial assets, end of year	\$ <u>76,149,099</u>	\$ <u>87,376,684</u>	\$ <u>89,694,221</u>

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	<u> </u>	<u>(Restated Note 25)</u>
Operating activities:		
Excess of revenues over expenses	\$ 5,387,278	\$ 9,462,912
Amortization of investment premiums, less discounts	(35,766)	135,622
Loss on sale of investments	245,847	175,798
Amortization of tangible capital assets	8,384,186	7,790,708
Amortization of asset retirement obligation	15,367	15,449
Amortization relating to self-constructed assets	(1,875,496)	(1,629,798)
Loss on sale of tangible capital assets	10,875	(3,813)
(Decrease) increase in provision for gravel pit reclamation	166,000	(71,000)
	<u>12,298,291</u>	<u>15,875,878</u>
Changes in non-cash operating items:		
Prepaid expenses and accounts receivable	(126,957)	126,292
Due from Province of Alberta	(327,489)	961,489
Due from Government of Canada	(221,858)	881,616
Taxes receivable	(53,109)	(97,231)
Accounts payable and accruals	535,819	(1,089,033)
Deferred revenues	(74,821)	53,699
Deferred government grant revenue	(2,225,288)	(4,061,158)
Asset retirement obligation	(44,016)	(23,002)
Due to Province of Alberta	70,660	(178,010)
Inventory	668,755	(463,446)
	<u>(1,798,304)</u>	<u>(3,888,784)</u>
Cash provided by operating activities	<u>10,499,987</u>	<u>11,987,094</u>
Capital activities:		
Proceeds of sale of tangible capital assets	247,237	389,045
Purchase of tangible capital assets	(15,097,436)	(8,005,693)
Cash applied to capital activities	<u>(14,850,199)</u>	<u>(7,616,648)</u>
Investing activities:		
Net change in notes receivable	(721,359)	(101,334)
Proceeds from redemption of investments	10,553,497	12,631,691
Purchase of investments	<u>(11,464,978)</u>	<u>(13,221,177)</u>
Cash applied to investing activities	<u>(1,632,840)</u>	<u>(690,820)</u>
(Decrease) increase in cash	<u>(5,983,052)</u>	<u>3,679,626</u>
Cash at the beginning of year	<u>63,600,037</u>	<u>59,920,411</u>
Cash at the end of year	\$ <u>57,616,985</u>	\$ <u>63,600,037</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023 (2022 - 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 (2022 - 1.569 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, 2023, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2022 - 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, asset retirement obligation, 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 when the following criteria have been met:

- an environmental standard exists;
- there is evidence that contamination exceeds an environmental standard;
- the Board is directly responsible or accepts responsibility for the contamination;
- it is expected that future economic benefits will be given up, and;
- a reasonable estimate of the amount can be made.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 2 (g) Financial Instruments

(cont'd) Cash, 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.

Initial measurement

The Board initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Board is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Board in the transaction.

Subsequent measurement

The Board subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred. Financial assets measured at amortized cost using the straight-line method include cash and receivable balances.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 2 (g) Impairment

(cont'd)

For financial assets measured at cost or amortized cost, the Board determines whether there are indications of possible impairment. When there are, and the Board determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

(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, 2023

Note 2 (l) Asset retirement obligation

(cont'd) Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently re-measured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on third-party quotes and professional judgement.

The asset retirement obligation estimate is measured at the current expected cost to settle due to uncertainty about when hazardous materials would be removed. The present value technique is not used. The estimated recoveries are nil.

(m) Non-financial Assets

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.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 2 (m) 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.

(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
	Year 1	Year 2	Year 3 and Thereafter	Salvage Value
	%	%	%	%
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.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 3 Cash

Included in cash are restricted amounts of \$353,858 (2022 - \$529,146) that are held exclusively for approved projects (Note 9).

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$976,002 (2022 - \$543,665), are comprised of the following:

	<u>2023</u>	<u>2022</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 165,053	\$ 227,917
Accrued interest	5,484	10,123
	<u>170,537</u>	<u>238,040</u>
Big Country Waste Management	761,311	-
Accrued interest	370,691	349,121
Leases	290,863	519,549
Local improvement recoveries	28,480	28,481
Sheerness deadfish irrigation	26,415	44,438
Parks permit receivable	-	253,858
Oil well drilling	-	1,641
Miscellaneous	191,068	146,744
	<u>\$ 1,839,365</u>	<u>\$ 1,581,872</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 117,933	\$ 306,772
	<u>\$ 117,933</u>	<u>\$ 306,772</u>
	<u>\$ 1,957,298</u>	<u>\$ 1,888,644</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, 2023

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2023</u>	<u>2022</u>
Current:		
Special Areas & Oyen Development Corporation (25 year - 2.5430% interest)	\$ 74,439	\$ 72,593
Big Country Waste Management Commission (5 year - 2.1347% interest)	-	104,102
Big Country Waste Management Commission (4 year - 2.68% interest)	-	255,856
Big Country Waste Management Commission (6 year - 2.68% interest)	275,546	-
Association of Consort & District Seniors Centre (25 year - 2.6220% interest)	12,646	12,323
Other	21,641	21,302
	<u>\$ 384,272</u>	<u>\$ 466,176</u>
Non-current:		
Special Areas & Oyen Development Corporation (25 year - 2.5430% interest)	\$ 1,957,214	\$ 2,031,652
Big Country Waste Management Commission (4 year - 2.68% interest)	-	532,465
Big Country Waste Management Commission (6 year - 2.68% interest)	1,444,454	-
Association of Consort & District Seniors Centre (25 year - 2.6220% interest)	335,659	348,306
Other	-	21,641
	<u>\$ 3,737,327</u>	<u>\$ 2,934,064</u>
	<u>\$ 4,121,599</u>	<u>\$ 3,400,240</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

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.

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.

Principal repayments are estimated as follows:

2024	\$	384,272
2025		370,599
2026		380,419
2027		390,499
2028		400,846
Thereafter		<u>2,194,964</u>
	\$	<u><u>4,121,599</u></u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 6 Due from (to) Province of Alberta

The net amount due from (to) the Province of Alberta is comprised of the following:

	<u>2023</u>	<u>2022</u>
Due from Province of Alberta:		
Municipal Affairs	\$ 201,391	\$ 207,423
Agriculture and Irrigation	282,018	168,438
Service Alberta	264,876	-
Transportation and Economic Corridors	59,475	102,684
Environment and Protected Areas	9,530	11,256
	<u>817,290</u>	<u>489,801</u>
Due to Province of Alberta:		
Environment and Protected Areas	(405,963)	(338,996)
Municipal Affairs	(42,059)	(28,513)
Other	(49,586)	(59,439)
	<u>(497,608)</u>	<u>(426,948)</u>
Due from Province of Alberta, net	<u>\$ 319,682</u>	<u>\$ 62,853</u>

Note 7 Due from Government of Canada

	<u>2023</u>	<u>2022</u>
Canada Infrastructure Bank	\$ 297,436	\$ 75,578
	<u>\$ 297,436</u>	<u>\$ 75,578</u>

Note 8 Taxes Receivable

	<u>2023</u>	<u>2022</u>
Current taxes	\$ 2,293,066	\$ 492,808
(Over)/Under levy	102,700	5,743
Tax arrears	297,048	3,219,467
	<u>2,692,814</u>	<u>3,718,018</u>
Less allowance for doubtful accounts:	<u>(2,002,830)</u>	<u>(3,081,143)</u>
	<u>\$ 689,984</u>	<u>\$ 636,875</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 9 Deferred Government Grant Revenue

	2023	2022
Transportation and Economic Corridors	\$ -	\$ 2,050,000
Municipal Affairs	348,657	479,615
Mental Health and Addiction	5,201	14,713
Forestry, Parks and Tourism	-	34,818
	\$ 353,858	\$ 2,579,146

Note 10 Asset Retirement Obligation (ARO)

	2023	2022
		(Restated Note 25)
Asset retirement obligation, beginning of year	\$ 1,165,756	\$ 1,188,758
Liability incurred	-	-
Liability settled	(44,016)	(23,002)
Revision of estimates	-	-
Asset retirement obligation, end of year	\$ 1,121,740	\$ 1,165,756

Tangible capital assets with associated retirement obligations include buildings (asbestos) and equipment (various harmful substances). The majority of the Board's asset retirement obligations relate to asbestos in buildings. The Board estimated the nature and extent of hazardous materials in its buildings based on the potential square feet and the average costs per square foot to remove and dispose of the hazardous materials. Regulations require the Board to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 2023 it was estimated that 840,405 cubic meters (2022 - 840,405 cubic meters) of gravel pits were exposed for a total liability of \$3,252,000 (2022 - \$3,086,000).

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.

Note 12 Inventory

	2023			2022
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 2,784,285	\$ 210,324	\$ 2,573,961	\$ 2,127,150
Gravel	4,684,678	-	4,684,678	5,690,509
Culverts	328,488	-	328,488	406,101
Fuel	323,433	-	323,433	317,749
Fencing	105,781	-	105,781	155,059
Chemicals and other	100,128	-	100,128	88,656
Inventory	\$ 8,326,793	\$ 210,324	\$ 8,116,469	\$ 8,785,224

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 13 Accumulated Surplus

Accumulated Surplus consists of equity in tangible capital assets, equity in inventory, unrestricted amounts and internally restricted as follows:

	2023	2022 (Restated Note 25)
	<u> </u>	<u> </u>
Equity in tangible capital assets	\$ 250,330,840	\$ 241,971,557
Equity in inventory	8,116,469	8,785,224
Unrestricted operational surplus	33,756,371	36,051,169
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>55,010,221</u>	<u>55,018,673</u>
Total Accumulated Surplus (Schedule 4)	<u>\$347,213,901</u>	<u>\$341,826,623</u>

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. The Board's opening net assets investing in tangible capital assets have been reduced by the Board's asset retirement obligation of \$1,255,776 (2022 - \$1,211,760).

Note 14 Budget

The 2023 municipal budget was adopted by the Board in December 2022 and approved by the Minister of Municipal Affairs in February 2023. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	2023		2022 (Restated Note 25)
	<u>Budgeted</u>	<u>Actual</u>	<u>Actual</u>
Excess of revenues over expenses	\$ (3,523,630)	\$ 5,387,278	\$ 9,462,912
Acquisition of tangible capital assets	(11,180,000)	(8,569,172)	(4,658,388)
Construction of road and road surfaces	(7,633,785)	(8,403,759)	(4,977,104)
Loss (gain) on sale of tangible capital assets	-	10,875	(3,813)
Proceeds on disposal of tangible capital assets	920,000	247,237	389,046
Amortization of tangible capital assets	<u>7,872,293</u>	<u>8,399,553</u>	<u>7,806,157</u>
	(13,545,122)	(2,927,988)	8,018,810
Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4)	<u>-</u>	<u>8,452</u>	<u>(3,689)</u>
(Deficit) surplus, as per budget	<u>\$ (13,545,122)</u>	<u>\$ (2,919,536)</u>	<u>\$ 8,015,121</u>

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SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 15 Taxation

	2023		2022
	Budgeted	Actual	Actual
Power and pipeline	\$ 33,162,000	\$ 32,686,169	\$ 33,582,894
Real property	12,048,000	12,163,031	12,048,160
Recoveries on bad debt	-	813,725	6,396,023
Grazing and cultivation	729,000	737,671	728,864
Penalties and costs on taxes	200,000	477,270	91,985
	<u>46,139,000</u>	<u>46,877,866</u>	<u>52,847,926</u>
Less amounts expended by transfers:			
Alberta School Foundation Fund	11,261,000	10,124,926	11,320,487
Seniors Foundation	1,760,000	1,751,017	1,759,399
Bad Debt	750,000	1,103,415	3,286,756
Designated Industrial Properties	235,000	202,693	255,406
	<u>\$ 14,006,000</u>	<u>\$ 13,182,051</u>	<u>\$ 16,622,048</u>
Net taxes for municipal purposes	<u>\$ 32,133,000</u>	<u>\$ 33,695,815</u>	<u>\$ 36,225,878</u>

Note 16 Lease Revenue

	2023		2022
	Budgeted	Actual	Actual
Mineral surface leases	\$ 3,050,000	\$ 2,995,483	\$ 3,057,966
Equipment rentals	6,568,000	2,089,081	2,076,930
Grazing leases	2,336,000	1,730,826	2,036,797
Community pastures	642,400	560,481	822,907
Cultivation leases	474,000	487,585	483,026
Easements	150,000	105,510	147,165
Miscellaneous leases	132,000	140,118	142,369
Rights of entry	95,000	91,696	92,124
Other	209,480	221,928	206,086
	<u>\$ 13,656,880</u>	<u>\$ 8,422,708</u>	<u>\$ 9,065,370</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 17 Government Transfers

	2023		2022
	Budgeted	Actual	Actual
Transfers for operating:			
Municipal Affairs	\$ 393,888	\$ 867,134	\$ 3,002,578
Government of Canada	1,441,667	705,496	1,423,107
Agriculture and Irrigation	1,549,481	923,820	703,232
Transportation and Economic Corridors	586,677	586,677	634,748
Seniors, Community and Social Services	182,985	217,413	217,692
Infrastructure	132,000	109,313	95,066
Forestry, Parks and Tourism	-	34,819	26,681
Environment and Protected Areas	-	1,073	13,967
	<u>\$ 4,286,698</u>	<u>\$ 3,445,745</u>	<u>\$ 6,117,071</u>
Transfers for capital:			
Municipal Affairs	<u>\$ 1,878,000</u>	<u>\$ 1,903,800</u>	<u>\$ 284,142</u>

Note 18 Other Revenue

	2023		2022
	Budgeted	Actual	(Restated Note 25) Actual
Park permits and concession revenues	\$ 695,000	\$ 657,108	\$ 651,359
Water sales	450,000	489,925	471,714
Cost recoveries	100,500	941,311	425,388
License, assignment and application fees	287,000	267,874	378,361
Fire cost recoveries	150,000	135,217	143,817
Bylaw enforcement cost recoveries	110,000	115,271	97,167
Chemical sales	-	-	81,205
Cultivation conversion	32,000	57,831	74,292
Gravel sales	120,000	48,112	42,031
Other	274,500	363,357	278,785
	<u>\$ 2,219,000</u>	<u>\$ 3,076,006</u>	<u>\$ 2,644,119</u>

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SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 19 Total Expenses

Total expenses for the year is analyzed by object as follows:

	2023		2022
	Budgeted	Actual	(Restated Note 25) Actual
Manpower (Schedule 2)	\$ 18,388,533	\$ 17,971,218	\$ 17,670,454
Materials, goods, and utilities	15,799,884	16,227,294	14,934,869
Amortization of tangible capital assets	7,872,293	8,399,553	7,806,157
Contract and general services	21,058,179	9,509,245	7,312,260
Grants	2,359,005	1,801,716	1,822,793
Industrial tax transfers	825,000	1,650,000	825,000
Goods and services from Alberta Government departments			
Public Safety and Emergency Services	448,024	405,524	334,654
Treasury Board & Finance	336,000	361,346	334,192
Municipal Affairs	20,000	15,703	9,859
Transportation and Economic Corridors	10,000	-	-
Provision for doubtful accounts	200,000	498,112	432,597
Less:			
Internal road projects capitalized in the year	(7,633,785)	(8,403,759)	(4,977,104)
	<u>\$ 59,683,133</u>	<u>\$ 48,435,952</u>	<u>\$ 46,505,731</u>

Included in manpower, materials, goods and utilities and contract and general services, are \$1,436,956 of expenses (2022 - \$3,066,956), 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.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 20 Debt Limits

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Board be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 77,895,458	\$ 83,526,752
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 77,895,458</u>	<u>\$ 83,526,752</u>
Debt servicing limit	\$ 12,982,576	\$ 13,921,125
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 12,982,576</u>	<u>\$ 13,921,125</u>

The debt limit is calculated at 1.5 times revenue of the Board (as defined in Alberta Regulation 255/2000) 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 21 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 19.

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, 2023

Note 22 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 2022 to the PSPP were \$671,741 (2022 - \$735,286) and to the MEPP were \$126,477 (2022 - \$146,011).

At December 31, 2022, the PSPP reported a surplus of \$4,258,721,000 (2021 surplus - \$4,588,479,000) and the MEPP reported a surplus of \$924,735,000 (2021 surplus - \$1,348,160,000).

The Board is not responsible for future funding of any plan deficit other than through contribution increases.

Note 23 Future Accounting Changes

The Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after January 1, 2024:

PS 3400 Revenue

This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

PS 3160 Public Private Partnerships

This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity produces infrastructure using a private sector partner.

PSG 8 Purchased Intangibles

This accounting standard provides guidance on how to account for purchased intangibles acquired through an arm's length third party. Intangibles that meet the definition of an asset can be recognized as an asset on the financial statements.

The Board has not adopted these standards. 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, 2023

Note 23 Future Accounting Changes

(cont'd) Effective for fiscal years starting on or after April 1, 2026, the Board will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards

PS 1202 Financial Statement Presentation

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. Management is currently assessing the impact of the conceptual framework and the standard on the financial statements

Note 24 Comparative Figures

Certain 2022 figures have been reclassified to conform to 2023 presentation.

Note 25 Prior Period Adjustment

On the effective date of the PS2380 standard, the Board recognized the following to conform to the new standard:

- asset retirement obligations at the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of the accumulated surplus / deficit.

Amounts are measured using information and assumptions that are current on the effective date of the standard. The amount recognized as an asset retirement cost is determined as of the date the asset retirement obligation was incurred. Amortization is measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard first applied.

Effective January 1, 2023 the Board adopted the new accounting standard PS3280 Asset Retirement Obligation (ARO) and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 25 Prior Period Adjustment

(cont'd)

	As previously reported	ARO adjustment recognized	As restated
Statement of Financial Position			
Asset retirement obligation (Note 10)	\$ -	\$ 1,165,756	\$ 1,165,756
Total Liabilities	12,497,283	1,165,756	13,663,039
Net Financial Assets (Schedule 3)	89,694,221	1,165,756	90,859,977
Tangible capital assets (Schedule 6)	242,934,862	202,451	243,137,313
Total Non-Financial Assets	251,929,951	202,451	252,132,402
Accumulated Surplus (Note 13)	342,789,928	(963,305)	341,826,623
Statement of Operations			
Other revenue (Note 18)	2,621,117	23,002	2,644,119
Total revenues	55,945,641	23,002	55,968,643
Amortization	7,790,708	15,449	7,806,157
Total expenses (Note 19)	46,490,282	15,449	46,505,731
Excess of revenues over expenses	9,455,359	7,553	9,462,912
Accumulated surplus at beginning of year	333,334,569	(970,858)	332,363,711
Accumulated surplus at end of year	342,789,928	(963,305)	341,826,623
Statement of Change in Net Financial Assets			
Excess of revenue over expenses	9,455,359	7,553	9,462,912
Amortization of tangible capital assets	7,790,708	15,449	7,806,157
Increase (decrease) in net financial assets	7,537,698	23,002	7,560,700
Net financial assets, beginning of year	83,322,279	(1,188,758)	82,133,521
Net financial assets, end of year	90,859,977	(1,165,756)	89,694,221
Statement of Cash Flows			
Excess of revenue over expenses	9,455,359	7,553	9,462,912
Amortization of tangible capital assets	7,790,708	15,449	7,806,157
Asset retirement obligation	-	(23,002)	(23,002)

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 26 Financial Instruments

The Board's financial instruments consist of cash and restricted cash, taxes and grants receivable, accounts receivable and accrued receivables, investments, and accounts payable and accrued liabilities.

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date.

The Board does not hold equities in an active market, nor engage in derivative contracts or foreign currency transactions. The Board is not exposed to remeasurement gains and losses and, consequently, a statement of remeasurement gains and losses is not presented.

Credit risk

The Board is exposed to credit risk, which is the risk that a customer will fail to settle a liability resulting in a financial loss to the Board. Accounts receivable are due from a diverse set of customers, and as such the Board is not exposed to significant credit risk. The Board reduces this risk through evaluations of receivable accounts throughout the year. There has been no change to management's assessment of credit risk from the prior year.

Market risk

Market risk is comprised of currency risk, interest rate risk and other price risk. The Board is exposed to interest rate risk as a result of deposits in the CIBC bank account being subject to a variable rate of interest (Schedule 1). All fixed income investments are in the Level 2 fair value hierarchy category and it is the Board's opinion that their exposure to interest rate risk arising from these financial instruments is not significant. There has been no change to management's assessment of interest rate risk from the prior year. The Board is not exposed to currency risk and other price risk.

The Board assesses its portfolio sensitivity to a percentage increase or decrease in the interest rate. As at December 31, 2023 if interest rates had a 1% increase or decrease, with all other variables held constant, the change in the fair value would be \$839,412.

Liquidity risk

The Board is exposed to liquidity risk, which is the risk that the Board may be unable to generate or obtain sufficient cash to meet its commitments as they come due. The Board mitigates this risk through its management of cash and debt. As the Board maintains a positive balance of net financial assets, it is not exposed to significant liquidity risk. There has been no change in management's assessment of liquidity risk from the prior year.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Board.

**SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2023**

Schedule 1

2022

2023

	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
Bonds:							
Bank of Montreal	4.309%	4.450%	June 1, 2027	\$ 800,000	\$ 779,975	\$ 796,511	\$ 795,561
Government of Canada	0.500%	3.730%	September 1, 2025	1,031,000	945,174	977,542	947,144
Government of Canada	1.250%	0.396%	March 1, 2025	-	-	-	509,197
Government of Canada	1.250%	3.380%	March 1, 2027	220,000	206,028	201,146	-
Government of Canada	2.000%	3.120%	June 1, 2028	1,370,000	1,306,906	1,276,817	-
Government of Canada	3.500%	3.230%	March 1, 2025	790,000	798,301	806,154	-
Government of Canada	3.250%	3.170%	September 1, 2028	520,000	521,815	506,860	-
Canada Housing Trust	0.950%	0.700%	June 15, 2025	2,459,000	3,074,630	2,415,177	3,210,685
Canada Housing Trust	1.250%	1.078%	June 15, 2026	1,820,000	1,668,759	1,828,062	1,831,262
Canada Housing Trust	1.100%	1.898%	December 15, 2024	2,180,000	1,417,043	2,088,791	1,523,929
Canada Housing Trust	1.800%	1.400%	December 15, 2024	-	-	-	2,398,114
Canada Housing Trust	1.900%	1.627%	September 15, 2026	1,057,000	987,839	1,064,595	1,067,289
Canada Housing Trust	1.950%	1.163%	December 15, 2025	1,580,000	1,494,169	1,605,658	1,618,518
Canada Housing Trust	2.350%	3.440%	March 15, 2028	515,000	493,213	500,205	-
Canada Housing Trust	2.350%	3.288%	June 15, 2027	1,750,000	1,652,065	1,701,047	1,687,855
Canada Housing Trust	2.550%	0.903%	March 15, 2025	2,530,000	2,449,161	2,582,317	2,627,619
Canada Housing Trust	2.550%	2.406%	December 15, 2023	-	-	-	772,895
Canada Housing Trust	2.900%	1.495%	June 15, 2024	1,700,000	3,218,830	1,683,387	3,348,229
Canada Housing Trust	3.100%	3.420%	June 15, 2028	2,495,000	2,461,700	2,405,311	-
Canada Housing Trust	3.600%	3.197%	December 15, 2027	2,170,000	1,392,747	2,183,999	1,425,628
Canada Housing Trust	4.250%	3.400%	December 15, 2028	750,000	778,773	775,113	-
Canadian Imperial Bank of Commerce	1.100%	1.561%	January 19, 2026	710,000	632,344	703,378	700,251
Province of Manitoba	2.450%	3.192%	June 2, 2025	1,120,000	1,078,345	1,108,576	1,100,828
Province of Ontario	1.750%	0.765%	September 8, 2025	1,425,000	1,342,632	1,448,524	1,462,249
Province of Ontario	2.400%	1.236%	June 2, 2026	560,000	532,777	575,523	581,778
Province of Ontario	2.600%	0.661%	June 2, 2025	360,000	347,920	369,880	376,746
Province of Ontario	2.600%	3.405%	June 2, 2027	535,000	508,618	521,231	517,493
Province of Ontario	2.900%	3.520%	June 2, 2028	1,000,000	974,692	976,244	-
Province of Quebec	2.750%	2.275%	September 1, 2025	1,355,000	1,311,782	1,345,243	1,339,628
Province of Quebec	3.000%	1.763%	September 1, 2023	-	-	-	1,905,406
Royal Bank of Canada	2.880%	2.880%	December 23, 2029	600,000	568,451	600,066	600,111
TD Bank	1.128%	1.404%	December 9, 2025	925,000	828,932	920,125	917,667
				34,327,000	33,773,621	33,967,482	33,266,082
Special Areas & Oyen Development Corp			(1 share)	1	1	1	1
Hanna and District Medical Corporation			(2 shares)	2	2	2	2
				\$ 34,327,003	\$ 33,773,624	\$ 33,967,485	\$ 33,266,085

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023				2022	
	Number of Individuals	Salary	Other Cash Benefits	Other Non-cash Benefits	Total	Total
	(a)	(b)	(c)	(d)		
Chair of the Special Areas Board	1	\$ 158,762	\$ -	\$ 29,439	\$ 188,201	\$ 187,387
Board Member - Special Areas #2	1	5,317	-	509	5,826	8,100
Board Member - Special Areas #3	1	3,559	-	289	3,848	7,161
Board Member - Special Areas #4	1	4,668	-	340	5,008	5,678
Director of Finance and Administratio	1	135,583	-	27,733	163,316	171,297
Director of Municipal Services	1	126,167	5,296	27,953	159,416	168,554
Director of Properties Administration	1	127,601	-	26,744	154,345	153,704
Roads & Equipment Superintendent	1	110,128	-	25,271	135,399	138,807
Managers (e)	3.33	363,857	-	83,398	447,255	532,181
Other full time staff (f)	101.62	8,499,383	-	1,796,055	10,295,438	10,001,400
Part time and casual wage staff		5,632,458	-	722,066	6,354,524	6,229,783
Other Boards and committees		14,597	-	1,027	15,624	14,546
Advisory Councilor - SA#2 - Sub. #1	1	940	-	-	940	2,137
Advisory Councilor - SA#2 - Sub. #2	1	3,313	-	-	3,313	2,218
Advisory Councilor - SA#2 - Sub. #3	1	2,394	-	-	2,394	3,503
Advisory Councilor - SA#2 - Sub. #4	1	2,373	-	-	2,373	3,063
Advisory Councilor - SA#2 - Sub. #5	1	2,468	-	-	2,468	2,316
Advisory Councilor - SA#2 - Sub. #7	1	2,306	-	-	2,306	3,841
Advisory Councilor - SA#2 - Sub. #8	1	1,785	-	-	1,785	3,063
Advisory Councilor - SA#3 - Sub. #4	1	3,780	-	33	3,813	3,692
Advisory Councilor - SA#3 - Sub. #5	1	2,725	-	-	2,725	2,975
Advisory Councilor - SA#3 - Sub. #6	1	4,334	-	99	4,433	4,440
Advisory Councilor - SA#4 - Sub. #1	1	1,021	-	-	1,021	1,616
Advisory Councilor - SA#4 - Sub. #2	1	5,385	-	224	5,609	7,475
Advisory Councilor - SA#4 - Sub. #3	1	1,623	-	-	1,623	2,042
Change in overtime accrual		(13,867)	-	-	(13,867)	12,937
Change in vacation accrual		22,082	-	-	22,082	(3,462)
		<u>\$15,224,742</u>	<u>\$ 5,296</u>	<u>\$2,741,180</u>	<u>\$17,971,218</u>	<u>\$17,670,454</u>

- (a) Number of individuals consist of full time equivalents, except 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 was one vacation payout in 2023.
- (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 \$109,266 and average benefits (column c & d) are \$24,924 totaling \$134,190 (2022 - \$135,658).
- (f) Average salary is \$81,008 and average benefits are \$17,127 totaling \$98,135 (2022 - \$98,508).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2023

	2023	Schedule 3
		2022
		(Restated Note 25)
Change in Financial Assets		
Cash and cash equivalents	\$ (5,983,052)	\$ 3,679,626
Accounts receivable	68,654	(120,956)
Notes receivable	721,359	101,334
Due from Province of Alberta	327,489	(961,489)
Due from Government of Canada	221,858	(881,616)
Taxes receivable	53,109	97,231
	<u>(4,590,583)</u>	<u>1,914,130</u>
Investments	<u>701,400</u>	<u>278,066</u>
(Decrease) increase in Financial Assets	<u>(3,889,183)</u>	<u>2,192,196</u>
Change in Liabilities		
Accounts payable and accruals	(513,737)	1,085,571
Vacation accrual	(22,082)	3,462
Deferred revenues	74,821	(53,699)
Deferred government grant revenue	2,225,288	4,061,158
Asset retirement obligation	44,016	23,002
Due to Province of Alberta	(70,660)	178,010
	<u>1,737,646</u>	<u>5,297,504</u>
Provision for gravel pit reclamation	<u>(166,000)</u>	<u>71,000</u>
Decrease in Liabilities	<u>1,571,646</u>	<u>5,368,504</u>
Net (decrease) increase in net financial assets	<u>(2,317,537)</u>	<u>7,560,700</u>
Net financial assets at the beginning of year	<u>89,694,221</u>	<u>82,133,521</u>
Net financial assets at end of year	<u>\$ 87,376,684</u>	<u>\$ 89,694,221</u>

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		Schedule 4
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	(Note 14)		(Restated Note 25)
Equity in tangible capital assets at beginning of year	\$	<u>241,971,557</u>	\$ <u>240,504,453</u>
Addition of capital assets:			
Road infrastructure	7,633,785	8,403,759	4,977,104
Transportation services	8,930,500	6,798,847	3,368,302
Agriculture and community pasture services	228,500	392,733	153,978
Administrative services	635,000	402,566	419,853
Water and sanitation services	340,500	245,635	255,232
Recreation and cultural services	519,500	235,669	83,653
Protective services	526,000	493,723	377,369
	<u>18,813,785</u>	<u>16,972,932</u>	<u>9,635,491</u>
Annual amortization of capital assets		(8,384,186)	(7,790,708)
Disposal of capital assets		(258,112)	(385,232)
		250,302,191	241,964,004
Asset retirement obligation - accretion		44,016	23,002
Asset retirement obligation - depreciation		(15,367)	(15,449)
Equity in tangible capital assets at end of year (Note 13)	\$	<u>250,330,840</u>	\$ <u>241,971,557</u>
Equity in inventory at beginning of year	\$	8,785,224	\$ 8,321,778
Add purchases and other inventory costs		5,117,971	5,766,487
Deduct requisitions		(5,786,726)	(5,303,041)
Equity in inventory at end of year (Note 12, 13)	\$	<u>8,116,469</u>	\$ <u>8,785,224</u>
Accumulated operational surplus at beginning of year	\$	36,051,169	\$ 28,522,496
Excess of revenues over expenses		5,387,278	9,462,912
Equity change in inventory		668,755	(463,446)
Equity change in capital assets		(8,359,283)	(1,467,104)
		33,747,919	36,054,858
Transfers to internally restricted reserves (Note 14)		8,452	(3,689)
Accumulated operational surplus at end of year (Note 13)	\$	<u>33,756,371</u>	\$ <u>36,051,169</u>
Internally restricted accumulated surplus at beginning of year	\$	55,018,673	\$ 55,014,984
Tax Recovery Land Sales - Transfers from operations		(8,452)	3,689
Internally restricted accumulated surplus at end of year (Note 13)	\$	<u>55,010,221</u>	\$ <u>55,018,673</u>
	\$	<u>347,213,901</u>	\$ <u>341,826,623</u>

Schedule 5

**SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT REVENUE AND EXPENSE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023					Total
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	
Revenue:						
Taxation	\$ 33,695,815	\$ -	\$ -	\$ -	\$ -	\$ 33,695,815
Leases	5,773,146	-	2,086,281	-	563,281	8,422,708
Provincial Grants	130,958	-	2,490,477	1,062,901	958,639	4,644,049
Interest	3,299,883	-	-	-	-	3,299,883
Federal Grants	311,925	-	-	-	393,571	705,496
Contributed Asset	-	-	-	-	-	-
Tax Recovery Land Sales	(9,852)	-	-	-	-	(9,852)
Gain (Loss) on sale of tangible capital	-	-	(18,103)	(2,005)	9,233	(10,875)
Restructuring Transaction	-	-	-	-	-	-
Other	616,546	250,489	120,627	1,251,236	180,000	3,076,006
Revenues per statement of operations	\$ 43,818,421	\$ 250,489	\$ 4,679,282	\$ 2,312,132	\$ 2,104,724	\$ 53,823,230
Expenses:						
Manpower (Schedule 2)	\$ 3,258,844	\$ 420,497	\$ 11,608,604	\$ 788,572	\$ 1,352,855	\$ 17,971,218
Materials, goods, and utilities	296,392	1,031,260	13,820,663	283,273	460,033	16,227,294
Contract and general services	1,387,458	910,121	2,619,723	3,644,363	522,871	9,509,245
Grants	153,871	-	3,000	269,481	459,486	1,801,716
Interest on long-term debt	-	-	-	-	-	-
Goods and services from GOA	365,080	405,524	-	-	11,969	782,573
Provision for doubtful accounts	498,112	-	-	-	-	498,112
Internal road projects capitalized in the year	-	-	(8,403,759)	-	-	(8,403,759)
Industrial tax transfers	1,650,000	-	-	-	-	1,650,000
Amortization of tangible capital assets	568,724	432,176	6,723,844	401,587	150,943	8,399,553
Expenses per statement of operations	\$ 8,178,481	\$ 3,199,578	\$ 26,372,075	\$ 5,387,276	\$ 2,958,157	\$ 48,435,952

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, 2023**

	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2023	2022 (Restated Note 25)
Cost									
Balance, beginning of the year	\$46,879,887	\$42,479,273	\$24,825,181	\$8,126,825	\$1,409,108	\$245,134,728	\$4,501,854	\$373,356,856	\$364,822,614
Add:									
Additions during the year	4,050,952	362,611	2,746,113	1,137,273	-	8,403,759	272,224	16,972,932	9,635,491
Less:									
Disposals during the year	(358,455)	-	(160,239)	(237,445)	-	-	(277,289)	(1,033,428)	(1,101,249)
Balance, end of the year	\$50,572,384	\$42,841,884	\$27,411,055	\$9,026,653	\$1,409,108	\$253,538,487	\$4,496,789	\$389,296,360	\$373,356,856
Accumulated Amortization									
Balance, beginning of the year	\$18,765,793	\$16,692,003	\$20,028,147	\$4,944,955	\$194,533	\$65,275,853	\$4,318,259	\$130,219,543	\$123,129,403
Add:									
Amortization	2,474,577	953,461	1,276,417	406,028	-	3,057,323	216,380	8,384,186	7,790,708
ARO Depreciation	-	15,367	-	-	-	-	-	15,367	15,449
Less:									
Accumulated Amortization on Disposals	(216,774)	-	(134,902)	(146,351)	-	-	(277,289)	(775,316)	(716,017)
Balance, end of the year	\$21,023,596	\$17,660,831	\$21,169,662	\$5,204,632	\$194,533	\$68,333,176	\$4,257,350	\$137,843,780	\$130,219,543
Net book value, 2023	\$29,548,788	\$25,181,053	\$6,241,393	\$3,822,021	\$1,214,575	\$185,205,311	\$239,439	\$251,452,580	
Net book value, 2022	\$28,114,094	\$25,787,270	\$4,797,034	\$3,181,870	\$1,214,575	\$179,858,875	\$183,595	\$243,137,313	

Note:

- Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure, buildings and engineered structures assets. The ending balance includes \$96,025 in assets that were not in service at year-end (2022 - \$96,025); no related amortization was recorded.

Safety Codes Council Financial Statements (audited)

Financial Statements

Year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Safety Codes Council

Opinion

We have audited the financial statements of Safety Codes Council (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- 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 flows 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 Entity as at December 31, 2023, its results of operations, its changes in net assets, its 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity 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.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's 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 auditor's 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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 LLP

Chartered Professional Accountants

Edmonton, Canada

May 24, 2024

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,617,810	\$ 4,078,605
Accounts receivable	821,037	788,500
Prepaid expenses and deposits	249,415	274,417
	<u>5,688,262</u>	<u>5,141,522</u>
Investments (note 2)	13,996,261	12,701,575
Capital assets (note 3)	1,670,052	1,821,023
	<u>\$ 21,354,575</u>	<u>\$ 19,664,120</u>

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities	\$ 828,340	\$ 620,707
Deferred revenue (note 4)	2,995,381	3,030,809
Current portion of deferred lease inducements (note 5)	206,723	206,723
	<u>4,030,444</u>	<u>3,858,239</u>
Deferred lease inducements (note 5)	689,077	895,799
Net assets:		
Sustainment and growth fund	11,762,154	10,997,455
Internally restricted (note 6)	4,032,262	4,042,218
Invested in capital assets	993,819	988,737
	<u>16,788,235</u>	<u>16,028,410</u>
Accumulated remeasurement losses	(153,181)	(1,118,328)
	<u>16,635,054</u>	<u>14,910,082</u>
Commitments (note 7)		
	<u>\$ 21,354,575</u>	<u>\$ 19,664,120</u>

See accompanying notes to financial statements.

On behalf of the Council:

Original signed by
Jill Matthew, Director
Eóin J. Cooke, Director

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Levy fees	\$ 6,744,137	\$ 6,484,038
Permit and registration fees (note 4)	6,451,506	6,063,606
Accreditation fees (note 4)	1,152,585	1,144,620
Master Electricians Program certification fees	613,775	608,450
Safety Codes Officer program fees (note 4)	754,584	708,921
Investment income	423,870	523,923
Other revenue (note 4)	316,074	151,173
	16,456,531	15,684,731
Expenses:		
Salaries and benefits	7,452,763	6,311,071
Permit service fees	4,440,491	4,349,409
General and administrative (note 8)	2,279,138	1,834,353
Contract salaries and remuneration	504,702	245,399
Amortization and loss on disposal of capital assets	341,255	417,161
Course and seminar costs	281,820	245,337
Travel (note 8)	240,492	139,503
Investment management fees	94,329	37,333
Advertising and publications	61,716	86,808
	15,696,706	13,666,374
Excess of revenues over expenses	\$ 759,825	\$ 2,018,357

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2023 with comparative information for 2022

	Sustainment and growth fund	Internally restricted (note 6)	Invested in capital assets	2023 Total	2022 Total
Balance, beginning of year	\$ 10,997,455	\$ 4,042,218	\$ 988,737	\$ 16,028,410	\$ 14,010,053
Excess (deficiency) of revenues over expenses	1,101,080	-	(341,255)	759,825	2,018,357
Purchase of capital assets, net	(346,337)	-	346,337	-	-
Transfers	9,956	(9,956)	-	-	-
Balance, end of year	\$ 11,762,154	\$ 4,032,262	\$ 993,819	\$ 16,788,235	\$ 16,028,410

Statement of Remeasurement Gains and Losses

Year ended December 31, 2023 with comparative information for 2022

	2023	2022
Accumulated remeasurement gains (losses), beginning of year	\$ (1,118,328)	\$ 986,093
Unrealized gains (losses) on investments	840,796	(2,024,015)
Realized amounts reclassified to the statement of operations on investments	124,351	(80,406)
Accumulated remeasurement loss, end of year	\$ (153,181)	\$ (1,118,328)

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flows

Year ended December 31, 2023 with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 759,825	\$ 2,018,357
Item not involving cash:		
Amortization of straight-line rent	(50,669)	(50,669)
Amortization and loss on disposal of capital assets, net of amortization of tenant inducements	341,255	417,161
Changes in non-cash operating working capital:		
Accounts receivable	(32,537)	171,853
Prepaid expenses and deposits	25,002	7,090
Accounts payable and accrued liabilities	207,635	(85,796)
Deferred revenue	(35,428)	439,110
	1,215,083	2,917,106
Investing activities:		
Purchase of investments, including reinvested investment income	(329,541)	(1,986,591)
Capital and financing activities:		
Purchase of capital assets	(346,387)	(114,435)
Proceeds from disposal of capital assets	50	2,200
	(346,337)	(112,235)
Increase in cash and cash equivalents	539,205	818,280
Cash and cash equivalents, beginning of year	4,078,605	3,260,325
Cash and cash equivalents, end of year	\$ 4,617,810	\$ 4,078,605

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2023 with comparative information for 2022

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;
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act; and
- oversee the delivery of permits and inspections for Albertans who live in unaccredited areas of the province through the Alberta Safety Codes Authority (ASCA), including performing all compliance monitoring services for storage tank systems.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

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 (the "standards").

(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:

Asset	Basis	Useful Life
Furniture and fixtures	Straight line	5 years
Equipment	Straight line	5 years
Computer hardware	Straight line	3-5 years
Computer software	Straight line	3-10 years
Leasehold improvements	Straight line	Over lease term

Copyrights are not amortized.

Capital assets that are not in use at year-end are not amortized.

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset shall be written down to the asset's fair value or replacement cost. A write-down is not reversed in a future period.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

1. Significant accounting policies (continued):

(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.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market and derivative financial instruments are recorded at their fair values. All other financial instruments are subsequently recorded at cost or amortized cost unless the Council has elected to record the instruments at fair value. The Council has elected to record its investments in pooled funds at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value of financial instruments are recognized in the statement of remeasurement gains and losses until they are realized, when they are reclassified to the statement of operations.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

Transaction costs are incremental costs directly attributable to the acquisition or issuance of a financial asset or a financial liability. Transactions costs are added to the carrying value of financial instruments recorded at cost or amortized cost when they are initially recognized. Transaction costs associated with financial instruments recorded at fair value are expensed upon initial recognition.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

All financial instruments recorded at cost or amortized cost are assessed for impairment on an annual basis. When financial assets are impaired, impairment losses are recorded in the statement of operations.

The standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels (the "Level") 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.

The Council's investments in pooled funds are classified as Level 2 investments and are valued at the unit values supplied by the pooled fund administrators, which represents the Council's proportionate share of the fair value of the underlying net assets of the funds.

(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 valuation of investments and the carrying amount of capital assets. Actual results could differ from those estimates.

(h) Related party transactions:

The Council enters into transactions with related parties in the normal course of operations. These transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

1. Significant accounting policies (continued):

(i) Adoption of new accounting standards:

Under Canadian public sector accounting standards, a number of new accounting standards became effective for fiscal periods beginning on or after April 1, 2022. Of these new standards, those of most relevance to the Council are: PS1201 *Financial Statement Presentation*, PS3041 *Portfolio Investments* and PS3450 *Financial Instruments*. These standards were adopted as of January 1, 2023, and resulted in no significant changes to the Council's accounting policies. The additional required disclosures resulting from adoption of these new standards have been incorporated into the notes to the financial statements.

(j) Future accounting changes:

The following summarizes upcoming changes to Canadian public sector accounting standards that may impact the Council's financial reporting for the year ending December 31, 2024: PS3400 *Revenue*, PSG-8 *Purchased Intangibles*, and PS3160 *Public Private Partnerships*. The Council is currently assessing the impact of these new accounting standards on its future financial statements.

2. Investments:

	Level	2023	2022
Cash and cash equivalents	1	\$ 1,199,021	\$ 2,521,390
Pooled funds:			
Bond Fund	2	8,643,392	6,303,175
Canadian Equity Fund	2	1,817,996	2,207,772
Global Equity Fund	2	2,195,727	1,407,695
Emerging Market Equity Fund	2	140,125	261,543
		\$ 13,996,261	\$ 12,701,575

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

3. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 727,107	\$ 633,672	\$ 93,435	\$ 151,396
Equipment	91,890	62,630	29,260	28,848
Computer hardware	1,101,730	820,462	281,268	111,802
Computer software	1,779,717	1,294,765	484,952	607,221
Leasehold improvements	1,563,258	823,888	739,370	909,989
Copyrights	41,767	-	41,767	11,767
	\$ 5,305,469	\$ 3,635,417	\$ 1,670,052	\$ 1,821,023

4. Deferred revenue:

	Balance, December 31, 2022	Amounts received	Revenue recognized	Balance, December 31, 2023
Permit fees	\$ 2,861,565	\$ 6,420,974	\$ (6,438,360)	\$ 2,844,179
Safety Codes Officer program fees	154,026	64,917	(81,952)	136,991
Accreditation fees	12,718	1,123,951	(1,122,458)	14,211
Other revenue	2,500	-	(2,500)	-
	\$ 3,030,809	\$ 7,609,842	\$ (7,645,270)	\$ 2,995,381

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

5. Deferred lease inducements:

	2023	2022
Straight-line rent	\$ 219,568	\$ 270,236
Tenant inducements	676,232	832,286
	895,800	1,102,522
Current portion of deferred lease inducements	206,723	206,723
	\$ 689,077	\$ 895,799

The Council recognized \$50,669 (2022 - \$50,669) of amortization of deferred straight-line rent as a reduction in rent expense and \$156,054 (2022 - \$156,054) of amortization of deferred tenant inducements as a reduction in amortization expense.

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 and \$900,000 as a contingency to manage risk associated with ASCA. Access to these and any other internally restricted net assets is granted by resolution of the Board of Directors. The transfer in the current year relates to the realized investment income earned on the underlying investment portfolio.

7. Commitments:

	Office lease
2024	\$ 374,663
2025	389,356
2026	396,702
2027	411,395
2028	139,580
	\$ 1,711,696

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

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. The costs for these services are not recognized in the financial statements.

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. Members of the Board of Directors are remunerated by the schedules as set out by Order in Council 466/2007. Board of Directors remuneration aggregates to \$38,985 (2022 - \$24,911) and is included in general and administrative expense in the statement of operations. Other costs consist of travel related to meeting attendance of \$9,759 (2022 - \$3,097) which is included in travel expense in the statement of operations.

9. Financial instrument risks:

(a) Risk management:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, credit risk, interest rate risk and liquidity risk. The Council's overall risk management processes are designed to identify, manage, and mitigate risks associated with its financial instruments. The Council has a formal investment policy, which is reviewed and approved by the Board of Directors annually, which establishes the nature of acceptable investments for its investment portfolio. As a result of this investment policy, the Council's investments are currently all in pooled funds.

(b) 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, including fluctuations in foreign exchange rates. As the Council's investments are in pooled funds and recorded at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains and losses as appropriate, changes in market conditions will directly result in an increase (decrease) in net assets. Although the pooled funds may ultimately hold publicly traded investments, the pooled fund units themselves, which are denominated in Canadian dollars, are not listed in an active market and their values are impacted by the fair values and the indirect market impacts on the underlying investments in those funds. Market price risk is managed by the Council through its investment guidelines and policies, as monitored by the management of the Council and its investment manager and by maintaining diversity in its investment portfolio (see note 2).

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023 with comparative information for 2022

9. Financial instrument risks (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 with the Council. In relation to the Council's 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, the Council is indirectly exposed to credit risk of the underlying investments of those funds. The Council manages credit risk by investing in diversified pooled funds. The Council believes that its cash and cash equivalents are held with reputable financial institutions and accounts receivable are owing from credit worthy and reputable entities. The maximum amount of credit risk is represented by the carrying amounts of financial assets recorded in the statement of financial position. The Council does not have a history of experiencing significant losses as a result of credit risk.

(d) Interest rate risk:

The Council is indirectly exposed to interest rate risk associated with the underlying interest-bearing instruments in its pooled funds. To manage the Council's interest rate risk, guidelines and investment policies are set and monitored by management of the Council and its investment manager.

(e) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities under both normal and stressed conditions. Market events could lead to certain investments within the pooled funds becoming illiquid, however the diversity and quality of the Council's investments are designed to help ensure that liquidity is available to pay liabilities as they come due. The Council also maintains cash on hand for liquidity purposes and to settle its financial liabilities, which are generally short-term in nature.

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, 2023, to March 31, 2024:

- 0 – Disclosures
- 0 – Investigation
- 0 – Investigations resulting in a finding of wrongdoing