

Municipal Affairs

Annual Report 2018–2019

Note to Readers:

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Municipal Affairs

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains the consolidated financial statements of the province and the *Measuring Up* report, 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 financial information of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

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

In December 2018, government announced changes to the 2018-19 ministry annual reports. Ministry and department audited financial statements previously included in the annual report of the Ministry of Municipal Affairs have been replaced with the financial information of the ministry on pages 101-112.

Key information previously contained in the annual reports of each of the 21 ministries is now included in the audited consolidated financial statements of the province.

Message from the Minister



Our government is committed to working with municipal partners to build strong and healthy communities. I am honoured to be Alberta's new Municipal Affairs minister and I'm eager to get to work finding the right solutions for Alberta municipalities of all sizes.

Alberta's success lies in the prosperity of its many vibrant municipalities. To fuel that prosperity, municipalities need a positive partnership with the provincial government and long-range planning to meet their community priorities.

We understand there are times when the provincial government needs to support and fund local services and projects and times when the provincial government needs to get out of the way and empower communities to decide what is best for them.

Municipal Affairs provides funding supports for municipalities, guidance and training for local governments, property assessment and taxation supports, and investments in local infrastructure and public library services.

Our role doesn't end there. Municipal Affairs has long been a key contributor to keeping Albertans safe.

We strengthen public safety through building codes and safety standards, licensing for homebuilders, fire safety initiatives, and by preparing for and responding to large-scale emergencies across the province.

By applying these systems at a local level, and by empowering our municipal partners to work with us, all Albertans stand to benefit.

I look forward to working with my colleagues in government, along with ministry staff and other stakeholders, to reach our goals together.

[Original signed by]

Kaycee Madu
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 seven improvement districts, which are accountable to the minister. An eighth improvement district, Kananaskis Improvement District, is administered by the Ministry of Environment and Parks.

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services and Legislation Division, the Public Safety Division, the Alberta Emergency Management Agency, the Corporate Strategic Services Division, the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board.

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, including the financial information and performance results. The financial information and the performance results, 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:

- **Reliability** — Information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- **Understandability** — the performance measure methodologies and results are presented clearly.
- **Comparability** — the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness** — outcomes, performance measures and related targets match those included in the ministry's Budget 2018.

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

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

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

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

[Original signed by]

Meryl Whittaker
Deputy Minister of Municipal Affairs
June 4, 2019

Results Analysis

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Ministry Overview

Ministry of Municipal Affairs

The Ministry of Municipal Affairs invests in making life better for families by fostering stronger and safer communities across the province. The ministry's programs and activities help create more collaborative and accountable local government, which includes extending guidance and support to other groups that play a role in delivering municipal services and building the regions Alberta residents and businesses call home.

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

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services and Legislation Division, the Public Safety Division, the Alberta Emergency Management Agency, the Corporate Strategic Services Division, and four quasi-judicial boards — the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board.

Department of Municipal Affairs

Municipal Assessment and Grants Division

The Municipal Assessment and Grants Division administers municipal financial components, such as provincial and federal grant programs directed at Alberta municipalities, the property assessment system, and education property tax requisitions.

This division develops the policies and procedures for property assessment; reviews and audits municipal property assessments; and prepares designated industrial property assessments, comprised of linear and non-linear properties, for municipalities.

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

Municipal Services and Legislation Division

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

Public Safety Division

The Public Safety Division administers a framework of safety codes and standards, supports Alberta's fire services, and oversees the residential protection program framework.

The division administers the *Safety Codes Act*, which establishes codes, standards and administrative processes in 10 disciplines: 1) building (including energy efficiency in buildings); 2) fire; 3) plumbing; 4) gas; 5) electrical; 6) elevators; 7) amusement rides; 8) passenger ropeways (i.e. ski lifts); 9) pressure equipment; and 10) barrier-free design.

Through the Office of the Fire Commissioner, the division provides support and advice to fire departments and municipalities about fire service, and works with government departments, municipalities, First Nations, and other stakeholders to promote fire and injury prevention and support effective community risk-management. The division also supports search and rescue groups in the province by offering grants and training support.

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.

The division also provides oversight to:

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

Alberta Emergency Management Agency

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

The AEMA supports the continuous improvement of Alberta's emergency management system and assists with the development of sustainable emergency management capabilities; emergency social services; emergency 911 support; and amateur emergency radio operators in Alberta. The AEMA collaborates with provincial, territorial, federal, and international stakeholders to promote a comprehensive approach to emergency management that enhances the safety of all Albertans.

Corporate Strategic Services Division

The Corporate Strategic Services Division helps the ministry achieve its outcomes by providing financial services; information management; legislative and administrative services; strategic planning, reporting, and policy services. The division also ensures the ministry's information management and technology needs are met.

The division includes the Public Library Services Branch. The branch supports the province-wide Public Library Network in the provision of library services and provides operating funding to municipal and regional library system boards. Funding enables municipal and regional libraries to share physical and electronic library resources across the province, with the goal of equitable library access for all Albertans.

Quasi-judicial Boards

Municipal Government Board

The Municipal Government Board is an independent and impartial quasi-judicial tribunal that conducts hearings on matters specified under the *Municipal Government Act*, including, land-planning, assessment complaints, and any other matter referred to it by the Minister of Municipal Affairs or Lieutenant Governor in Council. Land-planning issues include subdivision appeals, annexation recommendations, and intermunicipal disputes. Assessment complaints relate to equalized assessment and designated industrial property (e.g., major plants and linear property such as oil and gas wells, pipelines, railways, and power generation plants).

The board also supports assessment review boards across the province by assigning members to hear and make decisions about municipal assessment complaints. Another function of the board is to provide training and certification for assessment review board clerks and board members.

Members of the Municipal Government Board have extensive appraisal, assessment, legal, and land-planning expertise, ensuring all stakeholders receive fair, timely, and well-reasoned decisions.

New Home Buyer Protection Board

The New Home Buyer Protection Board — established under the *New Home Buyer Protection Act* — hears appeals of decisions issued by the Residential Protection Program regarding: owner-builder authorizations; hardship exemptions; status determinations; compliance orders; administrative penalties; and builder licensing.

Surface Rights Board

The Surface Rights Board is a quasi-judicial administrative tribunal — established by the *Surface Rights Act* — that conducts hearings on matters specified under the Act, including right of entry to the owner's land, and determination of compensation payable to the landowner for the entry, review of annual compensation, damages, and rental recovery in the event that an operator fails to make payment.

The Surface Rights Board has an effective alternative dispute resolution program.

Land Compensation Board

The Land Compensation Board is a quasi-judicial board — established by the *Expropriation Act* — that conducts hearings to determine whether expropriation should proceed when there is an objection and where the expropriating authority is not the province or a municipality. For all expropriations where there is no agreement between the parties, the board fixes compensation payable to landowners and tenants.

Support Services

Human Resource Services

Human Resource Services is a resource provided by the Public Service Commission that 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 human resource planning in alignment with business goals and objectives, supporting the attraction and engagement of high-calibre staff, and building employee capacity to achieve business plan goals.

Legal Services

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

Communications

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

Other Entities

Safety Codes Council

The Safety Codes Council is a corporation established under the *Safety Codes Act*. The council's responsibilities include: providing advice to the minister on safety codes policy; working with industry, municipalities and other stakeholders through technical sub-councils to review codes and standards; accrediting municipalities and corporations to issue permits and inspect work carried out in their jurisdictions; and accrediting agencies that can be retained by accredited municipalities and corporations to provide safety codes officers on their behalf.

The council is also responsible for certifying and training safety codes officers who enforce the Act; administering the Master Electrician Program; and providing oversight of the permits issued and inspections conducted in unaccredited municipalities through the Alberta Safety Codes Authority. In addition to these responsibilities, the council administers an appeals process for decisions made under the Act.

Special Areas Board

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

Improvement Districts

Municipal Affairs provides limited municipal services in seven improvement districts, including: Waterton Lakes National Park; Banff National Park; Jasper National Park; Elk Island National Park; Wood Buffalo National Park; Willmore Wilderness Park; and Improvement District No. 349 (located in northeastern Alberta). 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. An eighth improvement district, Kananaskis Improvement District, is administered by the Ministry of Environment and Parks.

Delegated Administrative Organizations

Alberta Boilers Safety Association

The Alberta Boilers Safety Association is the pressure equipment safety authority, delegated to administer and deliver safety programs related to boilers, pressure vessels, and pressure piping systems in Alberta. The Alberta Boilers Safety Association's safety codes officers inspect boilers and pressure vessels in the province. The association is also responsible for the certification of pressure welders, inspectors, and power engineers for the operation of power or heating boilers.

Alberta Elevating Devices and Amusement Rides Safety Association

The Alberta Elevating Devices and Amusement Rides Safety Association is responsible for ensuring all elevating devices, amusement rides, and passenger ropeways (such as ski lifts) in Alberta comply with provincial safety codes and regulations.

Petroleum Tank Management Association of Alberta

The Petroleum Tank Management Association of Alberta is delegated to administer the Alberta Fire Code as it relates to the registration, construction, operation, alteration, and removal of petroleum tanks in Alberta.

Executive Summary

In 2018-19, the Ministry of Municipal Affairs delivered on the commitments in its 2018-21 business plan, and continued its day-to-day operations to support Albertans, Alberta municipalities, and other stakeholders. Progress was made on major initiatives and projects identified in the ministry's 2018-21 business plan, including:

- supporting municipalities in adapting to new requirements under the *Municipal Government Act*;
- providing funding to support municipalities;
- continuing the transition of designated industrial property assessment to the provincial assessor;
- enhancing Albertans' access to public library resources, such as securing an audiobook platform for all Alberta library users and increasing the collection of ebooks through the Read Alberta E-books initiative;
- enhancing timely safety code adoption, through the introduction of new regulatory provisions and the adoption of the latest editions of the safety codes for building, fire, and energy efficiency;
- strengthening Alberta's emergency management system through amendments to the *Emergency Management Act* and the creation of a new regulation for municipalities; and
- completing the administrative amalgamation of the ministry's four quasi-judicial boards.

After several years of work, the revised *Municipal Government Act* is now in full force and the ministry has shifted to a change-management focus as it continues to support municipalities as they look toward implementing new municipal requirements and meeting compliance dates.

Some of the key changes to the Act include establishing mandatory growth management boards for the Edmonton and Calgary metropolitan regions (completed in 2017), and requiring municipalities outside of the metropolitan regions to create intermunicipal collaboration frameworks and intermunicipal development plans. The ministry has continued to provide support to municipalities as they formalize their frameworks and intermunicipal development plans by April 1, 2020.

Another important initiative in 2018-19 was the launching of the new Municipal Accountability Program, which is intended to take a proactive approach to help build municipal administrative capacity and help municipalities in their compliance with mandatory requirements of legislation. Forty-six reviews were conducted across Alberta in the program's inaugural year.

Grant programs and municipal funding continued to be important elements of the ministry's work. In 2018-19, Municipal Affairs provided Alberta communities with funding through several different programs, including:

- approximately \$634.8 million in capital funding through the Municipal Sustainability Initiative Capital program, including \$339.9 million from the Basic Municipal Transportation Grant component;
- \$29.1 million in operational funding through the Municipal Sustainability Initiative Operating program;
- \$21.4 million in funding through the Alberta Community Partnership program to support municipalities with intermunicipal initiatives and capacity building;
- approximately \$248.7 million in federal funding, including \$228.8 million through the Federal Gas Tax Fund and \$16.6 million through the Small Communities Fund;
- \$53.5 million to 170 municipalities through the Grants in Place of Taxes program;
- \$11.2 million through the Municipal Cannabis Transition Program; and
- \$30 million in public library operating grant funding.

The Government of Alberta also legislated a new funding arrangement with the cities of Edmonton and Calgary through the *City Charters Fiscal Framework Act*, which is set to replace the current Municipal Sustainability Initiative agreements for the two cities, beginning in 2022-23.

How Alberta municipalities, communities, and industries determine the value of property is an important part of the business of this ministry. On January 1, 2018, the responsibility for the assessment of all designated industrial properties was transferred from municipalities to the province under the provincial assessor within Municipal Affairs' assessment program. The 2018-19 fiscal year marked the second year of the transition.

Managing a safety system that ensures all Albertans are safe in their homes and communities is another key element of Municipal Affairs' business. The ministry continued to enhance public safety for Albertans, including adopting the latest editions of the safety codes for building, fire, and energy efficiency, and introducing regulatory provisions that will adopt future editions of these codes in a way that is both predictable and timely. This change improves trade and labour mobility; helps training institutions and industry prepare for and respond to code changes; and allows industry to utilize the latest construction and safety technology. It also enables Alberta to shift resources from manually reviewing, varying, and adopting new codes, to proactively influencing code development at the national and international levels.

Assuring that Alberta is well prepared for disasters and emergencies is also part of the ministry's work. To this end, Municipal Affairs continued to improve emergency management and preparedness in the province. Amendments to the *Emergency Management Act* and the Government Emergency Management Regulation were made in 2018, along with the approval of a new Local Authority Emergency Management Regulation that will come into force on January 1, 2020. These changes will help municipalities better prepare for disasters by providing clear direction to municipalities regarding their roles and responsibilities around emergency management, while maintaining their autonomy over their emergency programs.

Other key accomplishments in this area include the introduction of Alberta's first-ever 911 standards, developed in collaboration with stakeholders, to create efficiency and consistency in Alberta's 911 system; and the launch of an online application process called Disaster Financial Assistance Online, which allows Albertans to apply for disaster financial assistance and track the status of their application online.

Municipal Affairs is also responsible for several quasi-judicial boards: the Municipal Government Board, New Home Buyer Protection Board, Surface Rights Board, and Land Compensation Board. Administrative amalgamation of these boards continued in 2018-19, which has improved the efficiency of board processes, reduced duplication, and — despite an increased workload across all four boards — has generated annual costs savings for Albertans.

Discussion and Analysis of Results

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

Key Strategies

1.1 Work with municipalities to strengthen regional planning and service delivery through implementation of new mandatory growth management boards in metropolitan regions and intermunicipal collaborative frameworks in other areas of the province.

As a result of a comprehensive review of the *Municipal Government Act*, completed in 2017, Municipal Affairs established requirements for regional collaboration between Alberta municipalities. Provincial population growth and demographic shifts in rural and urban communities — combined with increasing environmental and economic pressures — highlighted the need for better municipal collaboration so Alberta's communities can plan for, and adapt to, these changes.

As of 2017, municipalities are now required to formally work together to find effective and efficient ways to deliver high-quality services to their residents, and plan for long-term sustainability and growth. The intention of required intermunicipal collaboration and mandated growth management boards is to:

- support stable service delivery in communities;
- encourage responsible and strategic land-use planning; and
- assist communities and municipalities as they contribute to the economic well-being of their regions.

During the past year, Municipal Affairs has introduced a number of regulations with an increased focus on collaboration, including amendments to the Off-Site Levies Regulation and the new Municipally Controlled Corporations Regulation. Reference materials, including fact sheets, were prepared to help municipalities deal with these new regulations, and training was offered to municipal administrations and for Subdivision and Development Appeal Boards.

Edmonton and Calgary Growth Management Boards

Under the updated *Municipal Government Act*, growth management boards in the Calgary and Edmonton regions are mandatory, and the Edmonton Metropolitan Region Board Regulation and the Calgary Metropolitan Region Board Regulation were approved in 2017.

Previously, the Edmonton region had the only mandatory growth management board in the province. The Capital Region Board was established in 2008, and included 24 municipalities and a non-voting representative from the Alberta government. The Capital Region Board had a growth plan that included a 35-year vision for future growth.

No similar entity existed in the Calgary region, although the Calgary Regional Partnership, formed in 2000, acted as a voluntary alliance of municipalities in the region. The partnership originally included 18 municipalities, but rural municipalities left the partnership due to governance-related concerns, and as a result, the partnership's 2014 proposed Calgary Metropolitan Plan was not endorsed by rural municipalities in the region.

The province drew on lessons learned and successes from the Capital Region Board when establishing the new mandatory growth management boards for the two regions. A legislated mandate was intended to provide consistency across the two regions. Membership and governance processes were established to create greater alignment among municipalities and mend the urban-rural split within the Calgary region. A non-voting representative from Municipal Affairs is included on each board, fulfilling requests from municipalities for greater provincial participation and ensuring the Government of Alberta perspective is shared with the boards.

These new boards guide collaborative and strategic planning for ongoing growth in Alberta's metropolitan regions and were developed in close consultation with affected municipalities in both regions. The membership of the boards includes the core municipality (Calgary or Edmonton), all adjacent rural municipalities, and all urban municipalities in the region with more than 5,000 residents. As outlined in the regulations, the governance structure of the boards requires decisions to be supported by two-thirds of member municipalities that represent at least two-thirds of the affected population.

The boards focus on:

- environmentally responsible land-use planning, growth management, and efficient use of land;
- developing policies regarding the co-ordination of regional infrastructure investment and service delivery;
- promoting the economic well-being and competitiveness of the region; and
- developing policies outlining how the board will engage with the public.

Ongoing Work for the Boards

To meet their objectives, each growth management board is required to develop a long-term growth plan and a five-year metropolitan servicing plan, both of which need to be approved by the Minister of Municipal Affairs. The boards are also required to develop a "regional evaluation framework" as a way to objectively determine if the proposed land-use plans of municipal members are in alignment with the regional plan.

The Edmonton Metropolitan Region Board Regulation came into force in October 2017, and the Calgary Metropolitan Region Board Regulation came into force in January 2018. The Edmonton Metropolitan Region Board received ministerial approval for their growth plan and regional evaluation framework at the same time as government approval of the regulation. The Calgary Metropolitan Region Board must have a long-term growth plan and servicing plan in place by January 2021. Before the Calgary Metropolitan Region Board Regulation came into effect, the board made the decision to prepare an interim growth plan and regional evaluation framework prior to the development and approval of the long-term growth and servicing plans. In December 2018, the interim plans were approved and the board has begun the work to develop a more thorough long-term growth plan, and supporting servicing plan.

Ministry Support for the Boards

Municipal Affairs committed financial support for the two boards during the early stages of formation. Under the 2017-18 Alberta Community Partnership program, the Edmonton Metropolitan Region Board was approved for a grant of \$2 million to support 2018-19 core operational costs and regional initiatives. The 2018-19 start-up and core administration costs of the Calgary Metropolitan Region Board were also supported with a grant of \$1.5 million. This funding was in addition to a core operating funding surplus of \$570,000 carried forward from the former Calgary Regional Partnership, following its dissolution in 2018. The surplus funds were reallocated to the Calgary Metropolitan Region Board in order to provide additional financial support for the start-up of the board.

Going forward, the Calgary metropolitan region and the Edmonton metropolitan region boards were both approved for Alberta Community Partnership grants of \$3.75 million each in 2018-19, in support of their 2019-2021 core operations and strategic initiatives. The two-year provincial arrangement allows the growth management boards to engage in longer-term regional planning activities.

While financial support of the growth management boards translates into significant benefits for Albertans and the Government of Alberta, the growth management board regulations allow the boards to requisition operating funding from their members, which is expected to result in a transition to a shared provincial/regional funding model over time.

In addition to financial support for the boards, the Assistant Deputy Minister of the Public Safety Division of Municipal Affairs sits as a non-voting member on each board. This Government of Alberta representative serves as a liaison between the boards and the province to ensure effective communication and information-sharing.

Intermunicipal Collaboration Frameworks and Intermunicipal Development Plans

The *Municipal Government Act* now includes specific requirements for municipalities outside of the metropolitan regions to create intermunicipal collaboration frameworks and intermunicipal development plans. This requirement reflects the high priority the government is placing on co-ordinated approaches to service delivery and planning.

The legislation describes the purpose of intermunicipal collaboration frameworks as:

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

In developing the collaboration frameworks, municipal neighbours with common boundaries list: the services each provides within its own municipality; services shared on an intermunicipal basis, and; services provided on a third-party basis (e.g., a utility service provided by a corporation owned by another municipality). The neighbouring municipalities also identify how these services would best be provided and outline how each intermunicipal service will be delivered and funded. Municipalities must also have intermunicipal development plans in place.

The ministry has continued to provide support to municipalities as they formalize their frameworks and intermunicipal development plans. In most cases, this work must be completed by April 1, 2020.

Working with Municipalities

The ministry recognized the April 1, 2020, deadline could present challenges for some municipalities, but at the same time, it underscored the fact intermunicipal co-operation was a priority. After discussions with Alberta's municipal associations, administrative associations, and municipalities, circumstances where an extension or exemption might be warranted were identified. Subsequently, the minister, by Ministerial Order, provided the following allowances:

- An exemption from the requirement to create an intermunicipal development plan where the entire area along the common boundary is composed of federal or provincial Crown land.
- A one-year extension for intermunicipal collaboration frameworks between municipal districts and improvement districts; between growth management board members; and between a municipality that is a growth management board member and a municipality within its boundary that is not a member of the growth management board.

During the 2018-19 fiscal year, 22 intermunicipal development plan exemptions and 25 intermunicipal collaboration framework and/or intermunicipal development plan extensions were allowed under the order.

Funding provided to municipalities through the Alberta Community Partnership program supports the development of intermunicipal collaboration frameworks and intermunicipal development plans in two ways:

1. Funding under the Cooperative Processes stream can be used to support one-half of the costs of a mediator or facilitator to help negotiate service agreements pertaining to intermunicipal collaboration frameworks and/or intermunicipal development plans.
2. Funding under the Intermunicipal Collaboration component can be used to support the full cost of laying the groundwork for creating intermunicipal collaboration frameworks and/or intermunicipal development plans.

Collaborative Governance Initiative

In 2008, the Collaborative Governance Initiative was developed, based on feedback and inquiries from municipalities. The 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 administration and council, between a municipality and the public, or between municipalities. Through this program, municipalities are encouraged to develop new ways to manage issues — both internal and external. If support is needed, the intermunicipal relations team will assist municipalities in making funding applications under the Cooperative Processes stream of the Alberta Community Partnership program.

Eligible projects include the development of protocols for working more collaboratively, implementation of previously developed protocols, and negotiation of service agreements related to an intermunicipal collaboration framework or intermunicipal development plan (e.g., the program provided funding for a facilitator to enable three neighbouring municipalities to reach agreement on recreation service funding).

In 2018-19, the ministry provided \$378,767 in financial support toward 10 collaborative governance projects involving 38 municipalities. The funding helped municipalities as they developed internal and intermunicipal protocols, and negotiated intermunicipal collaboration frameworks and intermunicipal development plans.

Municipal Dispute Resolution Service

The Municipal Dispute Resolution service encourages the use of mediation or other dispute resolution alternatives to resolve issues without resorting to an outside authority. Typically, issues resolved through mediation pertain to annexation, land-use planning, cost-sharing, and the need for improved intermunicipal or internal relationships. This approach saves municipalities time, and resources, and helps to avoid legal proceedings.

The service began over 20 years ago in response to an identified need for proactive and self-directed alternatives to resolving intermunicipal land-use and annexation disputes, which were previously channeled through the Municipal Government Board. At the same time, the *Municipal Government Act* was amended to require municipalities to attempt mediation for these disputes. The service has been supported by an advisory committee composed of municipal associations, the Alberta Arbitration and Mediation Society, and the Canadian Bar Association. Since inception, the service has supported 108 mediations with an overall success rate of 86 per cent.

With the increased complexity and demands on municipal governance and services, the scope of the service has expanded to include supports for internal conflict resolution between council, staff, or the public; supports for the local development of proactive protocols; education and advisory programs to build local dispute resolution capacity; and supports to build local negotiation capacity on shared services and intermunicipal development.

When in-depth support is needed, the ministry will help municipalities make funding applications through the Mediation Stream of the Mediation and Cooperative Processes component of the Alberta Community Partnership program. Municipalities will hire private-sector mediators and, when appropriate, the ministry may cover one-third of the funding for a mediation. The ministry maintains a roster of private-sector mediators with the assistance of representatives from the municipal associations and the Alberta Arbitration and Mediation Society. This roster gives municipalities access to a list of mediators with relevant training, experience, and an interest in intermunicipal mediation. In 2018-19, the ministry provided \$90,000 in mediation funding in support of three requests for mediation assistance involving annexations and intermunicipal development plans.

Regional Services Commissions

A regional services commission is a form of municipal partnership that may be created through a regulation under the *Municipal Government Act*. These partnerships are established for the joint delivery of services provided on behalf of the member authorities. A partnership will allow municipal authorities to work collaboratively with other municipalities 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. Examples of services provided include property assessment; emergency services; land-use planning; transit; and utilities such as water, wastewater, and solid waste management.

Regional services commissions have their own distinct legal status and operate independently from the member municipalities, providing their own administration and operations. However, the board of directors of each regional services commission is comprised of councillors from the member authorities to provide governance and oversight.

Seventy-three regional service commissions operate within Alberta. This includes two new commissions established in April 2018: the Bonnyville Regional Water Services Commission, and the South Pigeon Lake Regional Wastewater Services Commission.

Regional services commissions require ministry approval for specific functions, including: passing or revising board-of-director appointment bylaws, disposals of assets, and provision of services outside the members' boundaries. The ministry approved nine such requests in 2018-19. As municipalities continue to seek efficiencies in service delivery for their residents, it is expected regional services commissions will continue to be an important regional option.

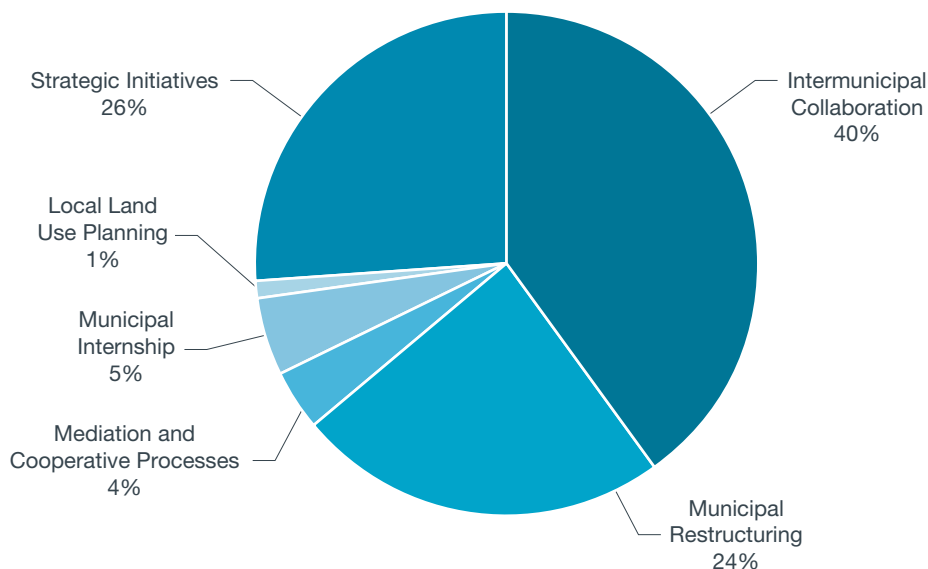
Alberta Community Partnership

The Alberta Community Partnership grant program continues to support municipal regional collaboration and capacity building initiatives across the province. The budget for the 2018-19 Alberta Community Partnership program was \$18.5 million, with grants supporting projects that fall under six component streams:

1. Intermunicipal Collaboration
2. Municipal Restructuring

3. Mediation and Cooperative Processes
4. Municipal Internship
5. Local Land Use Planning
6. Strategic Initiatives

Alberta Community Partnership Component Streams by Percentage of Funding 2018-19



Intermunicipal Collaboration

The Intermunicipal Collaboration component of the Alberta Community Partnership grant program provides competitive grants to municipal partnerships pursuing regional approaches to service delivery. In order to be eligible, projects must focus on supporting regional land-use and service-delivery planning — specifically, development of intermunicipal collaboration frameworks and intermunicipal development plans, as these statutory frameworks are prescribed for all municipalities under the amended *Municipal Government Act*. Projects dealing with regional service of land-use arrangements, such as shared feasibility studies, were also eligible under this component.

In 2018-19, the Intermunicipal Collaboration component provided grant funds totalling \$2.1 million to support 68 municipalities in the development of new or updated intermunicipal development plans and intermunicipal collaboration frameworks. Another \$4.6 million went to support 141 municipalities as they developed regional land-use and service delivery arrangements.

Examples of projects include:

- **Parkland County** — in partnership with the counties of Leduc and Sturgeon received \$200,000 to develop an agriculture business study and communication plan.
- **Saddle Hills County** — in partnership with the Municipal District of Spirit River and the counties of Birch Hills and Grande Prairie received \$150,000 to develop collaborative intermunicipal development plans.
- **the Municipal District of Taber** — in partnership with the Town of Bow Island and the counties of Cypress, Forty Mile and Lethbridge — received \$78,272 to conduct a storm-water engineering analysis that included a climate assessment, regulatory requirements, and a mitigation strategy.

Municipal Restructuring

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

In 2018-19, \$600,000 was provided to five municipalities for infrastructure studies in support of viability reviews; \$3.3 million was provided to the Municipal District of Greenview for transitional and infrastructure funding relating to the dissolution of the Town of Grande Cache; and \$389,000 went to regional governance studies involving seven municipalities.

* Further information on this component is provided in the Viability Reviews and Regional Governance and Amalgamations sections under *Other Ministry Activities in Support of Outcome One* (page 39).

Did you know?

More than 170 municipalities across Alberta benefited from an Alberta Community Partnership grant in 2018-19, either as grant recipients or as formal partners on joint initiatives.

Mediation and Cooperative Processes

The Mediation and Cooperative Processes component* provides grants to municipalities to access dispute resolution services, develop pre-emptive co-operation protocols and procedures, or to engage third-party mediators or facilitators to assist with intermunicipal collaborative framework negotiations.

In 2018-19, \$469,000 was provided to support intermunicipal collaboration framework and intermunicipal development plan negotiations, collaborative governance projects, and mediation assistance.

* Further information on this component, including a breakdown of funding for each stream, is provided in the Intermunicipal Relations Support, Collaborative Governance Initiative and Intermunicipal Dispute Resolution Initiative sections under this key strategy.

Municipal Internship

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

The ministry provided \$881,000 in grant funding to help municipalities hosting interns cover the costs of hosting 11 administrator interns, nine finance officer interns, and two land-use planner interns in 2018-19.

* Further information on this component is provided in the Municipal Internship section under *Other Ministry Activities in Support of Outcome One* (page 39).

Land Use Planning

The Local Land Use Planning component is a limited-term component to help municipalities with populations less than 3,500 create first-time municipal development plans. These plans are intended to identify future development patterns within individual municipal boundaries and facilitate local planning and economic growth. This component provided funding to a number of eligible municipalities to help bring them into alignment with time-sensitive *Municipal Government Act* requirements. The component was first launched in 2017-18 but was extended for one year in order to reach as many eligible municipalities as possible.

Seven municipalities received approximately \$108,000 under this component to help them build municipal development plans.

Strategic Initiatives

On occasion, the ministry has an opportunity to support projects of strategic significance outside the scope of the six funding components, but align with ministry and provincial priorities. Strategic Initiatives provides grants for these special projects that are not within the six program components.

Examples of projects include:

- Providing the Alberta Data Partnerships with \$700,000 to create a new spatial data tool that will map registered interests or surface activities on titled lands. This project's objective is to meet the needs of stakeholders by increasing efficiency and decreasing costs for data compilation across all sectors.
- Improved geospatial data will support integrated planning for infrastructure, resource development, and emergency response, as well as enhancing the accuracy of property assessment.
- Continuation of the Peer Network program through a grant of \$50,000 to the Rural Municipalities of Alberta. This program supports conflict resolution coaching and is a valuable resource in support of the development of intermunicipal collaboration frameworks and intermunicipal development plans.
- The Rural Municipalities of Alberta, the Alberta Urban Municipalities Association, the Local Government Administration Association, the Alberta Rural Municipal Administrators' Association, and the Ministry of Municipal Affairs work collectively to oversee the delivery of the Peer Network Program.

1.2 Support municipalities in adapting to new *Municipal Government Act* provisions for strengthening accountability, transparency, planning, and sustainability.

Managing Change

Municipal Affairs began a review of the *Municipal Government Act* in 2012, engaging municipalities, industry, Albertans and other stakeholders to identify changes and make suggestions on how to modernize the Act. The review resulted in a number of amendments in the form of three major bills: the *Municipal Government Amendment Act, 2015*, the *Modernized Municipal Government Act* in 2016, and *An Act to Strengthen Municipal Government* in 2017, along with associated regulations. The legislative changes updated the *Municipal Government Act* to better reflect the current needs of municipalities and Albertans.

In 2017-18, support was provided to municipalities around the changes to the *Municipal Government Act*. Support continued in 2018-19, and was focused on working in partnership with municipal associations to address the unique concerns of municipalities in continuing to adjust to the new legislation. Some of the support provided included the development of information fact sheets on municipal development plans, intermunicipal collaboration framework/intermunicipal development plan training sessions, and subdivision development and appeals board training sessions. Advisory support throughout the year included communication with municipal staff and sending out information bulletins on topics such as key dates for completion of code of conduct bylaws, and public participation policy requirements.

Municipal Development Plans

In the past, only municipalities with a population of more than 3,500 were required to have a municipal development plan. With the amendments to the *Municipal Government Act*, all municipalities, regardless of size, are required to complete a municipal development plan. A municipal development plan outlines the land-use policies in a municipality, including plans to accommodate any growth, and strategic objectives. To support municipalities with this new requirement, Municipal Affairs worked with public

planning agencies across Alberta to create a municipal development plan guidebook, with an emphasis on municipal development plans in smaller municipalities. The resulting product offers advice on how to undertake strategic planning, public engagement, and the requirements of a municipal development plan. The primary goal behind the development of the guidebook was to address the potential challenges smaller municipalities could face in completing one of these plans for the first time.

Training

In order to help municipalities better understand how to proceed under the new provisions, the ministry worked with municipal partners to provide comprehensive information, advice, and training regarding intermunicipal development plans and intermunicipal collaboration frameworks.

Examples of these efforts include:

- Seven full-day workshops, presented in various locations across Alberta, on successful approaches to developing intermunicipal frameworks and plans. The sessions were collaborative in nature in that they were hosted by municipalities, promoted by the municipal associations, and used a workbook developed by the municipal associations. Two-hundred and seventy-two administrative and elected officials, representing 125 municipalities, attended the sessions.

Information sessions were held at 13 municipal association conferences and regional meetings throughout the year and reached more than 750 municipal staff and elected officials.

- Municipal Affairs staff hosted a joint session for the boards and executives of the Alberta Urban Municipalities Association, the Rural Municipalities of Alberta, the Association of Summer Villages of Alberta, the Local Government Administration Association and the Alberta Rural Municipal Administrators' Association.
- With a goal of helping municipal neighbours reach a consensus on how to proceed in creating their frameworks and plans, ministry staff met with municipal neighbours throughout the province to help them understand the legislation, and make them aware of the available tools, mediation, and collaborative supports. In total, eight meetings were convened with 202 administrative and elected officials representing 32 municipalities in attendance.

Did you know?

Municipal Affairs completed 29 intermunicipal collaboration framework training sessions attended by 1,271 participants from over 350 municipalities.

Subdivision and Development Appeal Board Training Sessions

Amendments to the *Municipal Government Act* have resulted in new membership and training requirements for members of subdivision development and appeal boards in the province. Subdivision development and appeals board members and clerks will now require training when appointed, and refresher courses every three years.

Municipal Affairs established a subdivision development and appeal board training curriculum with principles and learning objectives to ensure consistency in training across the province. In 2018, a subdivision development and appeal board training guide and associated training resources were developed and made available along with the training curriculum on the Government of Alberta website for all municipalities.

Did you know?

In recognition of the large number of subdivision development and appeal board clerks and members that required training across Alberta, and the challenges around travel co-ordination and costs to attend the training, Municipal Affairs offered this training online for the first time in 2018-19, with three training webinars.

More than 1,100 clerks and members of subdivision development and appeals boards from across Alberta successfully completed the training. Twenty-seven in person sessions and three webinars were offered in collaboration with the Alberta Urban Municipalities Association and Rural Municipalities of Alberta.

New and Updated Regulations

Municipal Affairs updated and created regulations to support the new provisions of the *Municipal Government Act* arising from the review of the Act. While stakeholders and municipalities continued to be supported as they adapt to the new provisions for strengthening accountability, transparency, planning, and sustainability, the following regulations were extended or developed in 2018-19:

- The **Community Organization Property Tax Exemption Regulation** received valuable stakeholder feedback as part of the broader *Municipal Government Act* review. With the enacted regulation set to expire December 31, 2018, and the implementation of any changes resulting from consultation not expected prior to the 2020 property tax year, it was necessary to extend this regulation for an additional five year term, to December 31, 2023. Municipal Affairs continues to evaluate all input received with respect to the regulation.
- In response to a request from the City of Calgary for an extension to the Calgary Rivers District Community Revitalization Levy, the **City of Calgary Rivers District Community Revitalization Levy Regulation** was amended in December 2018 to extend the term of the regulation from 20 to 40 years.
- A review of assessment models for the different types of regulated industrial property continues in an ongoing cycle. More information is available in the *Other Ministry Activities in Support of Outcome One* section.
- The **Matters Relating to Assessment Complaints Regulation** sets out instructions for property assessment and tax complaint hearings, timelines for hearing complaints, and the exchange and disclosure of evidence. The **Matters Relating to Assessment and Taxation Regulation** provides instructions and standards for the consistent preparation of property and equalized assessments. Both these regulations were extended to December 31, 2023, and are only applicable to the unique border city of Lloydminster. Until the Lloydminster Charter is amended to align with recent changes made to the *Municipal Government Act*, the city will continue to operate under the previous regulatory structure. At that time, these two regulations will be repealed.

In addition to the preceding changes, which support the new provisions of the *Municipal Government Act*, the **SuperNet Assessment Regulation**, which establishes reporting requirements related to the assessment of the portion of the SuperNet used for commercial activity, was extended to December 31, 2023.

Addressing the Risk of Municipal Capacity to Respond to Change

Recently, the *Municipal Government Act* and its associated regulations were updated. With a few exceptions, almost all of the amendments have been in force for one year, with the most recent amendments coming into force on July 1, 2018.

The underlying risk with respect to the changes made to the legislation is that municipalities, particularly those with capacity issues, may not be prepared or able to adapt to the changes required under the amended Act. There have been no material changes to the circumstances that created the risk — the amendments to the *Municipal Government Act* — as there have been no subsequent changes.

Risk mitigation for this issue has continued in 2018-19 in much the same way as in the previous reporting period. Training has been provided to municipalities on topics where changes in legislative requirements have come into, or will be coming into effect, including:

- subdivision and development appeal boards;
- intermunicipal collaboration frameworks; and
- intermunicipal development plans.

Additionally, the ministry continued to assist the municipal associations — the Alberta Urban Municipalities Association and the Rural Municipalities of Alberta — in developing tools to assist their members, such as revised training modules for elected officials.

Further support for adapting to change is provided in the form of ongoing advisory services on topics including governance, administration, finance, planning, and collaboration. Additionally, over the long term, the Municipal Accountability Program provides an opportunity to continually monitor and build capacity, which supports municipal compliance with legislative requirements.

While these mitigation measures have helped support municipalities and alleviate the risk to some degree, this risk will continue to affect municipalities into the future until they have had the opportunity to use the prepared materials, take offered training, practice the methods outlined in these materials, and generally become accustomed to the amendments.

To summarize, the risk of municipalities not complying with provincial legislation is ever present and was increased with the most recent amendments to the *Municipal Government Act* made in 2017. However, the department has made significant efforts, in collaboration with Alberta's municipal associations, to ensure municipalities are provided support in understanding and complying with the legislation, both generally and with respect to the new amendments. Furthermore, there are processes in place to identify and, in collaboration with the respective municipality, work to address legislative compliance gaps that continue to exist.

The centralization of industrial property assessment requires municipalities to adapt to a number of tax and assessment-related changes, including amending tax bylaws, administering a requisition tax rate, and other operational challenges (e.g., adapting to a new standardized format of industrial property assessment reports).

To assist with these changes, the department created learning resources, such as webinars, information sheets including frequently asked questions, guides, and example bylaws. Further, delegated assessors act as liaisons between the department and their respective municipalities to assist with the transition, where possible.

**Performance Measure 1.a —
Percentage of municipalities deemed to be not at risk based on financial, governance, infrastructure and legislative compliance risk indicators.**

| Year | Target | Actual |
|----------------|--------|--------|
| 2017-18 (2016) | 90% | 91% |
| 2018-19 (2017) | 90% | 93% |

The percentage of municipalities deemed to be not at risk based on financial, governance and legislative compliance risk indicators for 2017 is 93 per cent. This result exceeds the 90 per cent target.

Twenty-four municipalities were deemed to be at risk. Twelve municipalities had at least one legislative ministerial action taken against them, and two municipalities received a “going concern” note from the auditor for their 2017 financial statement — one municipality triggered both critical indicators. The remaining eleven municipalities were flagged as they triggered three, or four, non-critical indicators.

The current year actual is about three per cent higher than the target and two per cent higher than the last year’s actual. A significant reason for the variance between the two years was the fact there were fewer ministerial actions in 2017. In 2016, 10 municipalities were flagged by one Ministerial Order because they were a part of regional service agreements requiring ministerial intervention. The current year target was set based on historical results. This is a relatively new performance measure and, going forward, the variance between target and actual result is expected to narrow as more data becomes available.

1.3 Work collaboratively with municipalities and industry to complete the transition to a centralized model for designated industrial property assessment.

Designated Industrial Property Assessment

The *Modernized Municipal Government Act* transferred the responsibility for the assessment function of designated industrial properties, such as railways, pipelines, and electric power systems, from municipalities to the province under the provincial assessor within Municipal Affairs in 2018. This change in responsibility is referred to as centralized industrial property assessment and was adopted because there were inconsistencies in the assessment of these properties resulting in increased concerns among stakeholders. The transition is in its second year and is expected to be completed in 2021.

The benefits of centralized assessment are being realized in incremental steps through improved efficiency, consistency, and application of legislation during the transition. The cost of assessing designated industrial properties has also been consolidated and transferred to the owners of these properties with benefits of economies of scale in a single provincial assessment jurisdiction. This model is still in the early stages, but the positive steps taken to date are building the foundation to ensure Municipal Affairs fully meets the commitments of this new role.

As a transitional measure, the province entered into a contract with a number of municipalities to use a hybrid assessment model, which employed in-house municipal and contracted assessors to prepare assessments on behalf of the province. In addition to this arrangement, staff at Municipal Affairs collaborated with municipalities to transfer large sets of historical data into provincial systems. These steps helped initiate the transfer of duties and functions from municipalities to the province by establishing an inventory of data and ensuring a consistent application of assessment methodology from the beginning of the annual assessment process.

In January 2019, the province notified 30 municipalities that their assessment function for designated industrial properties was being transitioned to the provincial assessor. Over the next two years, the remaining municipalities will continue to be integrated into the provincial assessor’s office within Municipal Affairs.

In 2018-19, Municipal Affairs completed 615,764 designated industrial property assessments for 1,382 assessed persons (companies) for a total of approximately \$172 billion in assessment value. The assessment increased by \$4.3 billion from the 2017-18 assessment of \$167.7 billion, which yielded approximately \$2.6 billion in municipal property taxes and \$582.5 million in education property tax for the province of Alberta.

The assessment of designated industrial property is conducted on a full cost-recovery basis. In other words, the funds are recovered by the province through a requisition tax rate set by the minister and charged by municipalities to designated industrial property owners on their tax notice. These funds are then submitted to the province to cover program costs, including preparing and defending assessments. To assist municipalities with the new process, the department provided online learning sessions, guiding documents, and ongoing support.

Municipal Affairs will continue to develop and implement processes based on best practices, and the experience of the collective industrial assessment field from across the province. The centralized industrial property assessment model is expected to promote consistency and equity for industrial taxpayers and lower administrative costs for municipalities. The ministry remains committed to working collaboratively with municipalities and other stakeholders to complete the transition. Efforts will include:

- monthly newsletters to co-ordinate deadlines and ensure broader awareness of the project's progress amongst stakeholders;
- information sessions for delegated assessors, integrating them into the process;
- regular updates and technical information to municipalities; and
- consultations with knowledgeable individuals from municipalities, business, and industry organizations to establish best practices.

Did you know?

An estimated \$9.5 billion in revenues is generated from all property taxes in Alberta. That is about 10 per cent of the reported cost for building the International Space Station.

There are 418,296 km of assessed pipelines in Alberta. That's about 540 return trips to the International Space Station.

1.4 Work in partnership with the cities of Calgary and Edmonton to implement city charters that reflect the unique circumstances of these major metropolitan centres and provide the necessary tools to govern efficiently and effectively over the long term.

City Charters

Calgary and Edmonton are the two largest cities in Alberta and continue to experience challenges related to their size, population growth, and heightened expectations from residents. Pressures on the environment and demands for social services have resulted in a need for increased flexibility to effectively address local issues. Furthermore, these two local governments have demonstrated a unique level of sophistication and capacity due to their large administrations, complex infrastructure and service provisions, and roles as centres for trade and investment. The City Charters enable these cities to take on additional responsibilities and authorizes them to effect change in areas of mutual interest for both the cities and the province.

While many other Canadian cities have city charters or acts — including Montreal, Vancouver, Winnipeg, Halifax, and Toronto — they primarily address municipal governance, roles and responsibilities of the mayor, and financial management. Alberta's *Municipal Government Act* already enables flexibility for all municipalities in many of these areas.

The City Charters for Calgary and Edmonton cover the standard areas of focus, but go beyond other charters in Canada to include proposals related to the environment, urban planning, and transportation. In fact, Alberta's City Charters set a Canadian precedent with this expanded scope.

All aspects of the City Charters have been developed collaboratively with both cities, and have focused on three main areas: the regulations, the collaboration tables, and the fiscal framework.

City Charter Regulations

In 2014, the province and two cities signed a framework agreement, committing to the development of city charters. Public and stakeholder engagement sessions took place in 2016 to gather input on the proposed regulatory changes. In August 2017, the draft charter regulations were posted online for additional review and to gather comments from stakeholders and the public.

The City of Calgary Charter, 2018 Regulation, and the City of Edmonton Charter, 2018 Regulation, recognize the unique needs and capabilities of these two large urban centres and provide tools that will help build strong, vibrant cities that attract trade and investment. The city charter regulations were passed in April 2018 and help to streamline taxation and assessment administration, facilitate community planning and redevelopment, and support environmental stewardship.

In November 2018, the city charter regulations were amended to include additional fiscal tools and administrative items to help the cities better manage growth and streamline administrative processes. The proposed city charter Amending Regulations were posted on the Government of Alberta website to solicit comments and questions, and these regulations came into force on February 13, 2019.

Collaboration Tables

The city charters process also supports ongoing co-operation between the province and two cities on matters of mutual interest through collaboration tables, which are tri-partite policy and planning initiatives, to focus on a number of issues related to the environment and climate change, social policy, and transportation.

These tables operate at both an elected and administrative level. Respective ministers, with support from Municipal Affairs, will work with the mayors on an annual basis to set priorities and review progress in advancing these priorities. Collaboration tables on affordable housing, transportation, and urban schools have been established and continue to share information and work toward outcomes. A collaboration table was established to discuss clean energy programs, which fed into the development of *An Act to Enable Clean Energy Improvements*.

Fiscal Framework

The *City Charters Fiscal Framework Act* was passed in December 2018. This legislation fulfills the city charters' commitment to work with Calgary and Edmonton on a long-term revenue-sharing agreement to fund capital infrastructure. This agreement will replace the Municipal Sustainability Initiative for the two cities, beginning in 2022-23. The legislation includes:

- \$500 million in baseline infrastructure funding for the first year, split between the two cities. Over time this funding level will increase, or decrease, based on changes in provincial revenues and fuel sales;
- \$400 million per year for long-term transit funding, split between the two cities. This funding will begin in 2027-28;
- the remainder of funding under the existing Municipal Sustainability Initiative for the two cities until 2021-22, and existing Light Rail Transit funding commitments until 2026-27.

In addition to the legislation, the city charters fiscal framework includes a commitment from the province to provide \$50 million per year to support significant regional economic development infrastructure projects starting in 2027. One-third of the funding will be allocated to the Calgary Metropolitan Region Board, one-third to the Edmonton Metropolitan Region Board, and one-third to other municipalities outside the Calgary and Edmonton regions.

As partners in the development of city charters, Calgary and Edmonton had the opportunity to directly shape the regulations and legislation. This ongoing collaborative approach led to city charters that accurately reflect the needs of the two cities, while proactively identifying ways for the province and cities to work together to achieve shared objectives.

1.5 Provide funding to municipalities to help them meet their strategic long-term infrastructure needs.

Municipal Sustainability Initiative

Municipal Affairs continues to support municipal infrastructure projects through the Municipal Sustainability Initiative. Alberta municipalities are exceptionally diverse, ranging in population from 10 residents in the summer villages of Kapasiwin, Castle Island, and Point Alison, to more than 1.27 million residents in the City of Calgary. Infrastructure investments supported through the program are vital to creating safe, sustainable, viable communities where Albertans can live, work, and play.

The Municipal Sustainability Initiative has directly helped municipalities make significant investments in the infrastructure Albertans all use, and on which they rely. Examples of investments include light rail transit lines and vehicles to support public transit; library buildings to support learning activities; wastewater pumping facilities and lift stations that provide wastewater removal for residents; and storm water retention ponds to protect municipalities from flooding. The program balances accountability and transparency with significant municipal autonomy. Each project supported by the program represents the local priorities of Alberta's municipalities.

In 2018-19, the ministry provided approximately \$664 million in funding to municipalities through the program, including \$339.9 million from the Basic Municipal Transportation Grant component. Although the initial \$11.3 billion commitment was not achieved by the end of the 2017-18 fiscal year due to changing economic circumstances, the program granted approximately \$9.6 billion to municipalities (excluding the Basic Municipal Transportation Grant component) by the end of 2018-19.

Municipal Affairs understands the direct economic link between investment in public infrastructure and the economy as a whole. As the Municipal Sustainability Initiative's \$11.3 billion commitment is scheduled to be fulfilled in 2021-22, the provincial government continues to discuss the future of municipal infrastructure funding with its municipal partners. An important milestone in this process was the *City Charters Fiscal Framework Act*, which was passed in late 2018. The Act will replace Municipal Sustainability Initiative funding for Calgary and Edmonton starting in 2022-23.

Under the *City Charters Fiscal Framework Act*, Calgary and Edmonton will receive \$500 million (split between the two cities) in 2022-23, and this amount will change in subsequent years based on fluctuations in provincial revenues and fuel sales. The Act also includes a long-term transit investment plan for the two cities.

This legislated framework will provide long-term predictability in funding for Calgary and Edmonton, helping the cities better plan for infrastructure projects. It also means Alberta's two largest cities will share in the benefits and risks of variability in provincial growth. This unique funding arrangement would not be possible without the two levels of government working together toward a common goal of better meeting Albertans needs for municipal infrastructure and services.

Receiving long-term funding support is just as important for other communities. The government will provide information on the ongoing work to develop a Municipal Sustainability Initiative replacement for other communities as soon as it becomes available.

Capital Funding

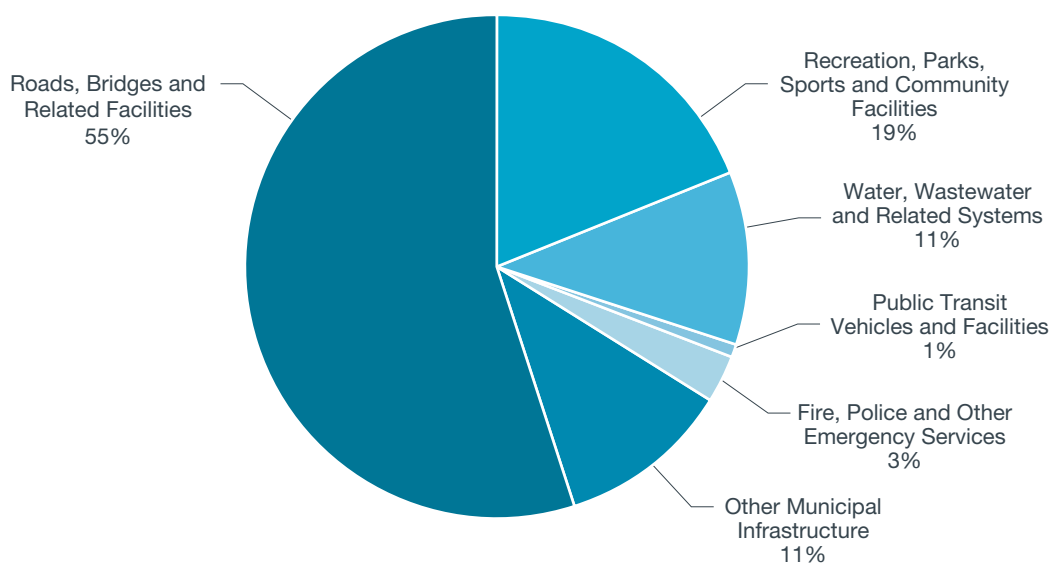
Municipal Sustainability Initiative funding for capital projects was \$634.8 million in 2018-19 (including \$339.9 million from the Basic Municipal Transportation Grant component). This funding supported a range of local priority infrastructure projects including:

- roads;
- bridges;
- public transit services, vehicles and facilities;
- recreation, parks, sports and community facilities;
- water, wastewater and storm water systems;
- disaster and emergency services and facilities; and
- other municipal infrastructure.

Did you know?

Municipal Sustainability Initiative capital grants funded approximately 16 projects involving non-profit organizations in 2018-19.

Capital Funding for Local Infrastructure Projects* 2018-19



*This chart includes project funds applied in the 2018-19 fiscal year for completed projects, and accepted projects that are not complete.

In 2018-19, municipalities committed \$757 million of capital funding for 801 accepted projects. Some of the projects were:

- constructing flood mitigation infrastructure for the Calgary Zoo in the City of Calgary to protect against flooding of the Bow River;
- widening a portion of University Drive in the City of Lethbridge from two to four lanes to manage growth pressures in the Riverstone, Canyons, Sunridge, and Paradise Canyon neighborhoods;
- rehabilitating the 106 Avenue bridge over Wayne Gretzky drive in the City of Edmonton to extend the service life of the bridge by 25 years;

Did you know?

The purchase of peace officer vehicles and police vehicles under municipal jurisdiction is now eligible under the MSI Capital grant program.

- constructing a treated water reservoir with a capacity of 565 cubic metres to manage growth pressures in the Town of Nobleford;
- purchasing a Self Contained Breathing Apparatus testing unit resulting in annual operational savings of approximately \$3,800 and upgrading the radio system to the Alberta First Responders Radio Communications System to standardize communications with neighboring municipalities in the Town of Olds;
- extending water and wastewater lines in the Village of Acme to support the development of the Highway commercial subdivision;
- upgrading storm water drainage on Cyrene Crescent and Cyrene Close to reduce the risk of flooding in the Summer Village of Gull Lake;
- installing fibre optic cable in Foothills County to provide broadband access to residents and businesses along the Highway 2A corridor;
- upgrading the east lift station in Thorhild County to support an anticipated population increase of 550 residents by 2021; and
- purchasing a fire truck in the Buffalo Lake Metis Settlement to maintain safety for the 230 homes and other buildings in the Settlement.

Operating Funding

The Municipal Sustainability Initiative operating grant provided \$29.1 million in funding to Alberta municipalities and Metis Settlements in 2018-19, supporting:

- capacity building activities, such as municipal careers, staff development, and volunteer development;
- improved efficiency and effectiveness;
- municipal services;
- planning activities; and
- providing contributions to non-profit organizations.

Of the budgeted \$30 million, \$0.9 million was transferred to capital funding at the request of municipalities.

Funds are allocated to projects supporting four main government wide objectives — 1) municipal viability and long-term sustainability (16 per cent); 2) maintenance of safe, healthy, and vibrant communities (48 per cent); 3) the development and maintenance of core municipal infrastructure (35 per cent); and 4) capacity building (one per cent).

One-window Grant Management System for Municipal Grant Programs

In response to municipal requests for a simplified way to access grant information, the ministry is developing a one-window grant management system for all of its municipal grant programs. This system currently includes the Alberta Community Partnership, Federal Gas Tax Fund, and Small Communities Fund, and will eventually include the Municipal Sustainability Initiative and Grants in Place of Taxes programs. More than 350 users (municipalities, Metis Settlements, and the Townsite of Redwood Meadows) are using the system for submitting grant applications, reporting on grants received, and accessing key financial information.

To support fiscal accountability, information about the Municipal Sustainability Initiative is available online at <https://www.alberta.ca/municipal-sustainability-initiative.aspx>. Included in this information is a summary of grant amounts, by municipality and program. Additionally, a list of provincial grants available to municipalities is maintained on the Municipal Grants Web Portal. This portal provides summaries — by municipality and constituency — of grant funding received in the prior fiscal year, as well as a summary report explaining how municipalities used provincial funding.

Federal Programs

Federal Gas Tax Fund

In 2018-19, the Federal Gas Tax Fund provided \$228.8 million to municipalities to help build and revitalize their local public infrastructure, while creating jobs and long-term prosperity. 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; and
- local and regional airports.

Did you know?

In 2018-19, Alberta supported almost 300 new municipal infrastructure projects with more than \$116 million in Federal Gas Tax Fund funding.

In 2018-19, Municipal Affairs introduced new online tools for managing this federal funding program. The Gas Tax Fund online application, in combination with the new Grant Information Management System database, enabled Municipal Affairs to bring in-house a final piece of Gas Tax Fund program management. The Gas Tax Fund online system, available through Municipal Affairs MA Connect online portal, provides municipalities an interface to create and submit new project applications, manage current projects, and submit annual financial reporting.

Municipal Affairs continues to encourage municipalities to develop and maintain asset management processes that support effective stewardship of the lifecycle of infrastructure assets. This helps municipalities make informed decisions when it comes to the delivery of sustainable services, managing risks, and attaining value for money spent. As part of the ministry's annual process in support of federal program reporting requirements, municipalities were surveyed to learn about their experiences with asset management, not only to monitor progress, but also to identify potential gaps and opportunities where support could be offered. Over 53 per cent of municipalities responded to the 2018-19 survey (144 urban and 42 rural). The results showed that although the number municipalities with formal asset management practices remained low, asset management practices have become more extensive in recent years.

Small Communities Fund

Under the federal New Building Canada Fund — the Small Communities Fund, Alberta and Canada each committed \$94 million to fund infrastructure projects that benefit communities with populations of less than 100,000 (as determined by the Statistics Canada Final 2011 Census). Approved projects are generally funded on a one-third cost-sharing basis, with the federal, provincial, and municipal governments all providing equal amounts toward eligible project costs. Fifty-six projects were approved under the Small Communities Fund in 2015, with \$16.6 million being committed to these projects in 2018-19.

In 2018-19, the following communities reported their projects were complete:

- County of Northern Lights (Dixonville Water Distribution System Rehabilitation)
- Red Deer County (Spruce View Water Treatment Facility and Reservoir)
- Town of Beaverlodge (Water Treatment Plant Upgrades)
- Town of Castor (Water, Wastewater, and Storm Revitalization Program)
- Town of Fort Macleod (Southwest Water and Sanitary Extension; 8 Street Extension)
- Town of Legal (Wastewater Trunk Sewer)
- Town of Nanton (Waste Water Treatment Plant)
- Town of Penhold (Water Reservoir)
- Village of Delburne (21 Avenue Infrastructure Upgrade)
- Special Areas Board (Regional Potable Water Supply Line Extension to Hamlet of Monitor)

Investing in Canada Infrastructure Program

The Government of Canada introduced the Investing in Canada Infrastructure Program in 2018-19. This program provided support for provinces and territories by investing in infrastructure projects that support three key federal goals: 1) create long-term economic growth; 2) support a low-carbon, green economy; and 3) build inclusive communities. The Investing in Canada Infrastructure Program will provide \$81 billion nationwide over 11 years; of this, Alberta has been allocated \$3.4 billion for distribution through four main funding streams:

- Public Transit (\$2.1 billion)
- Green Infrastructure (\$1.0 billion)
- Community, Culture, and Recreation Infrastructure (\$141 million)
- Rural and Northern communities (\$160 million)

Alberta Infrastructure is tasked as the primary ministry responsible to identify eligible projects for the funding and overall program management, while several Alberta ministries have been identified as funding partners under the individual funding streams. Under the Community, Culture, and Recreation Infrastructure stream, Municipal Affairs' Municipal Sustainability Initiative was identified as the provincial funding source for projects submitted by municipalities. The Investing in Canada Infrastructure Program is a cost-sharing program; municipal projects under the Community, Culture, and Recreation Infrastructure stream are eligible for up to 40 per cent federal funding, with Alberta required to provide a minimum 33.33 per cent funding of eligible project costs. Municipalities are responsible for the remaining eligible project costs.

Since April 2018, Municipal Affairs has received and reviewed 62 submissions by municipalities under the Community, Culture, and Recreation Infrastructure component. Projects that met criteria and had sufficient Municipal Sustainability Initiative funding were recommended to Alberta Infrastructure for prioritization. Alberta Infrastructure is assessing each eligible project to determine those to be recommended for federal approval.

Green Initiatives

The ministry administered two grants in 2017-18 for greenhouse gas reduction initiatives, which were funded by Alberta's Climate Change Office. The Town of Valleyview was granted \$309,000 to build a net-zero administration building and the Town of Hinton was granted \$400,000 for a front-end engineering and design study for a geothermal district heating system that will use heat from repurposed, marginally producing oil and gas wells to heat public buildings.

The Town of Valleyview completed construction of their new administration building near the end of December 2018 and have moved into the new facility. Benefits of the project will be captured over the next five years through the submission of Annual Greenhouse Gas Emissions reports.

The Town of Hinton's Geothermal District Heating System Front-End Engineering and Design (FEED) Study project was completed in November 2018, with the results of the study provided to the town's administration for consideration of next steps. The project results were captured in a FEED Report, a process which helped to define technical issues and estimate the investment cost of the project and was essential in understanding the development of this resource in Hinton and in Alberta.

1.6 Enhance Albertans' access to public library resources by continuing to provide operating grants and invest in the province-wide library network.

Public libraries help support strong and healthy communities in the province by giving Albertans a place to go to connect to the world of information, borrow a novel, learn a second language, or access high-speed internet, to name just a few.

The Government of Alberta promotes a provincial Public Library Network to provide all Albertans with:

- access to library resources, including interlibrary loan service and delivery;
- SuperNet connections for facilitating library operations and enabling high-speed internet to patrons; and
- a number of electronic resources.

Municipal Affairs works to strengthen municipal and regional library systems to provide Albertans with equitable access to public library services. In 2018-19, the ministry achieved this through the following key initiatives:

Provincial Funding

In 2018-19, the Government of Alberta provided \$30 million in public library operating grant funding to support equitable access, distributed on a per capita basis. In addition, \$700,000 was provided to support on-reserve and on-settlement access to public library programs and services.

The direct result of this funding is that public libraries are able to provide more equitable access to public library services for all Albertans. Without provincial funding, some existing libraries would most likely have to reduce their hours of operation and/or scale back programs or materials currently provided to Albertans.

Electronic Resources

One of the ways the ministry partners with public library stakeholders is by enhancing the availability and scope of electronic resources in libraries. These investments help public libraries to better meet local needs; widen the range, quantity, and quality of library resources available to residents of all parts of Alberta; and help ensure equitable access to resources for all Albertans.

In 2018-19, the ministry — in partnership with the Book Publishers Association of Alberta — continued to support the Read Alberta E-Books initiative, which makes more than 1,600 Alberta-published e-books available to readers across the province. The ministry expanded on this initiative last year by adding the Prairie Indigenous E-Books Collection. This is a collection of 237 books written by Indigenous authors and published in Alberta, Saskatchewan, and Manitoba. In partnership with the National Network for Equitable Library Service, these new materials will also be converted to accessible formats, which opens up library materials to Albertans with disabilities.

In 2018-19, the ministry's contract with the online streaming and media platform, Hoopla, ended. The ministry consulted with large libraries and regional library systems throughout the province to help determine what type of service should replace it. A majority of libraries replied that they wanted to have an audiobook service, and in response, the ministry will provide an audiobook e-service in 2019-20.

The ministry also continued to fund existing e-resources including:

- Zinio, which makes magazines available to Albertans;
- PressReader, which provides international newspapers and magazines electronically to public libraries; and
- Pronunciator, which allows Albertans the opportunity to learn new languages.

These e-resources continue to enhance the diversity of products provided to Albertans through public libraries.

Managing SuperNet service and functionality for the Alberta Public Library Network is an increasingly important part of the ministry's work to extend equitable access and expand available resources. The ministry subsidizes SuperNet use for all libraries in the Public Library Network and continually monitors SuperNet usage and needs. SuperNet usage patterns, and the underpinning technologies, are reviewed and enhanced on an ongoing basis in order to optimize present and future bandwidth needs for libraries.

Public Library Services for the Print-Disabled

The ministry supported access for the print-disabled by providing \$225,000 in combined funding to the Centre for Equitable Library Access and the National Network for Equitable Library Service to produce more books with accessible formats that benefit Albertans through public library collections. In addition, the ministry provided funding to the National Network for Equitable Library Service to hire three University of Alberta library students to help increase its capacity to convert traditionally formatted books to accessible formats.

Did you know?

Alberta is a founding member of the National Network for Equitable Library Service, which provides books in accessible formats for people with print disabilities (15,500 books are currently in accessible formats).

Public Library Services for Indigenous Communities

Indigenous people on First Nations reserves and Metis Settlements have been underserved in terms of public library services. Beginning in 2016-17, the ministry took action to enhance access to library services, providing \$700,000 annually to three large urban libraries and six regional library systems to remove financial barriers and improve access to library services for Indigenous communities.

As a result of this funding, and the work of the ministry with key provincial library network stakeholders, there are now a number of new Indigenous outreach services available at locations such as Alexis First Nations, Cold Lake First Nations, Elizabeth Settlement, Enoch First Nations, Goodfish Lake First Nations, Heart Lake First Nations, Maskwacis, Saddle Lake First Nations, and Sunchild First Nations School. Further, ministry staff continue to oversee this program and build a network of Indigenous librarians in the province.

The ministry continues to support public library service for, and with, Indigenous communities in multiple ways:

- People living on reserves and settlements now have access to public libraries throughout Alberta, equivalent to the access available to municipal residents.
- Information about working with Indigenous people and communities was included in the updated *Best Practices for Alberta Public Libraries* released in 2018.
- The province provides annual operational funding to the Chinook Arch Regional Library System and the Peace Library System to support the operations of the Kainai Public Library on the Blood reserve, and the Paddle Prairie Public Library on the Paddle Prairie Metis Settlement.

In January 2019, the ministry provided a one-time grant of \$1 million to Calgary Public Library for an Indigenous Language Resource Centre. The funds will be used to designate space and acquire physical and electronic resources regarding Indigenous languages and culture. This project aligns with provincial direction on the United Nations Declaration on the Rights of Indigenous Peoples and with the United Nations declaration of 2019 as the Year of Indigenous Languages.

The ministry also provided funding of \$105,000 in 2018-19, to expand Edmonton Public Library's "Voices of Amiskwaciy" digital storytelling platform into a province-wide service. This project promotes the creation and sharing of local Indigenous online content. The funding was provided to Edmonton Public Library, Lac La Biche Public Library, Kainai Public Library, and Maskwacis Outlet library (via Parkland Regional Library System).

Resource Sharing

Alberta's 322 public libraries share resources in order to benefit all Albertans. The supports to do this are provided through electronic software, physical delivery of material by interlibrary loan, and a policy framework to govern these services.

Did you know?

In the last two years, outreach efforts to Indigenous communities have resulted in over 4,000 new library card holders.

Did you know?

There are more than 22 million physical and virtual resources available across Alberta through the Provincial Public Library Network.*

*As of 2016

Enhancing the Governance and Management of Public Library Service

To support good governance and management of public library service, the ministry provides library boards with advisory services, training sessions on library planning and policy development, and other support materials used to develop sound management and operational practices.

In 2018-19, the ministry delivered board basics sessions to 83 library board trustees, representing 49 library boards, in five locations throughout the province. Staff also made presentations to stakeholders on subjects such as the implementation of the Public Library Network, e-books and e-content in library collections, providing service to patrons with print disabilities, and improving services to Indigenous communities. In the past fiscal year, there were also over 40 visits by provincial library consultants, who provided board advice, strategy sessions, and service workshops.

In 2018-19, the ministry released the updated publication, *Best Practices for Public Libraries in Alberta*. These optional guidelines help library boards determine if their service is consistent with established professional library practice, and to make changes they feel necessary to the library service they are providing to their communities.

2019 Symposium – Shifting Services for Inclusivity

As part of its ongoing efforts to promote accessible and inclusive library service for all Alberta residents, the ministry held a symposium in February 2019 titled “Shifting Services for Inclusivity.” This symposium featured a presentation by Jesse Lipscombe, an Alberta-based speaker, actor, and producer, and the co-founder of the #makeitawkward campaign. The symposium was attended by more than 150 people from the provincial library community, and it generated ideas and discussion on how to provide inclusive and welcoming library service for diverse populations such as: Indigenous people; the print-disabled; LGBTQ+; and more.

The 2019 symposium was the fifth in a series of annual public library symposiums, each of which has addressed present challenges and future opportunities for positive development in the public library community in Alberta.

Minister’s Awards for Excellence in Public Library Service

The Minister’s Awards for Excellence in Public Library Service program was launched in 2010, with the goal of recognizing public libraries with innovative programs, services, or technologies as centres of excellence. This annual awards program is a way to identify, acknowledge, and encourage best practices, and to share ideas that can be replicated by libraries across Alberta. The program is open to all public library boards in the province. Five winners were selected and acknowledged at the Alberta Library Conference in April 2018:

City of Camrose Library Board – Snacks in the Stacks

Snacks in the Stacks offers a wide array of healthy food choices to kids who come to the library after-school. Camrose Public Library works with Alberta Health Services to ensure the snacks are in line with the Canada Food Guide and has partnered with University of Alberta students at the Augustana campus to help serve the snacks. The program has reached over 6,400 children, serving an average of 26 children per day.

Town of Carstairs Library Board – Annual Parenting Fair

Carstairs has many families with young children and the library identified a need to highlight and make parents aware of all the community supports available to them. The library created and hosts an annual night where local groups have booths and share information with parents. In the six years the Carstairs Library has been hosting its Parenting Fair, the library has partnered with nearly 60 organizations. These range from Parent Link and Family and Community Support Services centres, to Scouts troops and judo clubs, as well as local small businesses.

Town of Morinville Library Board – Indigenous Canada Learning Circle

The Indigenous Canada Learning Circle leveraged the University of Alberta’s Massive Open Online Course called “Indigenous Canada” and made it available to anyone at the Morinville Public Library. Using a learning circle format, the Morinville Library gave people a safe place to learn and work through information about Indigenous and Canadian history as well as discuss their opinions and ask questions about the issue of Reconciliation.

Parkland County Library Board – Wi-Fi Hotspots

The Wi-Fi Hotspots Lending Program provides internet access to individuals or households in Parkland County who have limited internet access or cannot afford internet access. The board partnered with TELUS, which donated eight smart hubs with unlimited data to four library sites. Each library also has a lendable Chromebook laptop for patrons to borrow.

YOU Libraries Winner

All Minister’s Award’s nominations are eligible for the YOU Libraries Award. The ministry partners with the Library Association of Alberta to offer an online voting platform for the public to choose their favorite library program. This year’s winner was the Town of Morinville Library Board for its Indigenous Canada Learning Circle.

Other Ministry Activities in Support of Outcome One

Although not all aspects of the following ministry programs and activities relate directly to the key strategies set out in the ministry's 2018-21 business plan, they represent important work in support of Outcome One.

Local Authorities Election Act Review

The *Local Authorities Election Act* establishes the framework for local authority elections in the province, which includes municipalities and school boards. Metis Settlements and irrigation districts rely on the *Local Authorities Election Act*, as well as the *Metis Settlements Act* and the *Irrigation Districts Act* to conduct their elections.

It is the intent of the ministry to review the *Local Authorities Election Act* following each general election, and this commitment for a review was reaffirmed during the October 2017 general election. Stakeholders — including electors, municipal administrators, and elected officials — have been providing suggestions for improvement since the 2013 general election.

Amendments made in 2015, 2016 and 2017 to the *Alberta Election Act* and the *Election Finances and Contributions Disclosure Act* — legislation governing provincial elections — provided a timely opportunity to consider whether those amendments might be relevant to municipal elections.

Consultation

The ministry launched a public consultation on a suite of policy items in June 2018. The consultation remained open until the end of July. At the conclusion, over 1,500 responses had been received. The consultation focused on four broad themes:

- Campaign finance contribution and disclosure.
- Voter accessibility.
- Accountability and transparency.
- Enforcement.

In addition to the formal consultation, suggested revisions to the *Local Authorities Election Act* provided by stakeholders including electors, municipal administrators, and elected officials following the 2013 general election were also considered.

Amendments

Amendments were grouped into the same four themes that were included in the public consultation:

1. Campaign finance contribution and disclosure
 - All campaign finance and contribution disclosure provisions expanded to school board trustee candidates.
 - Lowered overall contribution limit to \$4,000 per person in school board and municipal elections.
 - Campaign period reduced to one year, rather than four years.

Did you know?

- The *Local Authorities Election Act* is used by approximately 340 municipalities and more than 60 school boards, Metis Settlements, and irrigation districts.
- There were over 3,700 candidates province-wide in the 2017 local authority general election.
- Between October 16, 2017, and December 31, 2018, there have been 56 municipal by-elections across Alberta.

- Candidates cannot accept contributions or incur expenses unless they file nomination papers with the municipality or school board in which they intend to run.
 - Ability for the Minister of Municipal Affairs to establish spending limits for municipal and school board elections.
2. Voter accessibility
- Mandatory advance votes in populations greater than 5,000.
 - Ability for the minister to expand the list of acceptable elector identification.
 - The use of elector vouching in situations where a voters' list is not being used.
 - Removal of six month Alberta residency to be eligible to vote.
3. Accountability and transparency
- Prohibition on campaign activities on election day expanded to include the property surrounding a voting station.
 - Addition of third party advertising restrictions.
 - Requirement for local authorities to post candidate names following nomination day.
4. Enforcement
- Expanded the role of the Alberta Election Commissioner to local authority elections as it relates to campaign finance and third party advertising.

There were also a number of clarifying and technical amendments including the requirement to appoint a substitute returning officer, removing the requirement for local authorities to notify the Minister of Municipal Affairs when using special ballots, clarifying how surplus funds of candidates are held in-trust with municipalities, and expanding the definition of care facilities to not be limited to the age of the resident, but rather the level of care of the facility.

An Act to Renew Local Democracy in Alberta was tabled on November 5, 2018 and given royal assent on December 11, 2018. Changes came into force on January 1, 2019. The Alberta Election Commissioner's role will be expanded to include local elections on August 1, 2019 and the Commissioner's responsibilities will focus on the enforcement of campaign finance and third-party advertising, including but not limited to:

- limitations on contributions;
- anonymous and unauthorized contributions;
- duties of candidates;
- fundraising functions;
- campaign expense limits;
- campaign disclosure statements and late filing;
- registration of third-party advertisers;
- expense limits of third-party advertisers;
- identification of third-party advertisers; and
- reporting from third-party advertisers.

Regulations

In addition to the amendments to the *Local Authorities Election Act*, there were a number of supporting regulations requiring revision. Five regulations were repealed including the City of Calgary Election Regulation, City of Edmonton Election Regulation, City of Red Deer Election Regulation, the Ballot Box Regulation, and the Modified Voting Procedure Regulation. In order to enhance overall readability of the legislation and clarity of the election process, the amendments to the *Local Authorities Election Act* included incorporating the policy intent of the above regulations into the Act.

The amendments also required extensive changes to the *Local Authorities Election Act Forms Regulation* as well as a requirement for two additional regulations, the Deficit Elimination Transitional Regulation, and a Campaign Expense Limit Regulation, which remains under development.

Amendments to the *Local Authorities Election Act* and supporting regulations help to support local authorities across Alberta in planning and delivering fair, accountable, and transparent elections. The amendments ensure that elections are accessible to all Albertans and strengthen democracy in communities across Alberta.

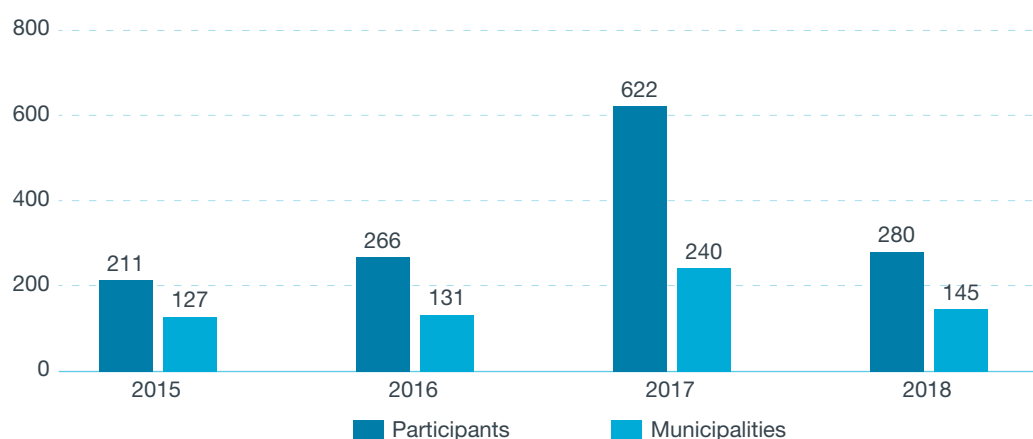
Ongoing Advice, Resources, and Training

The 2018-19 fiscal year marked the sixth year of the ministry's Regional Training Initiative, a partnership with the Local Government Administration Association and the Alberta Rural Municipal Administrators' Association. The 2018-19 sessions continued to build on supporting municipalities as they adjust to the amendments in the *Municipal Government Act*. Topics included closed meetings of council, corporate planning, and assessment and taxation. Taking into account feedback received from attendees of previous years' sessions and lessons learned, this training also included information on proposed changes to the *Emergency Management Act* as well as sessions on administrative topics identified by stakeholders as areas of need — such as property tax recovery, bylaw and policy development, and by-elections.

Future sessions may encompass topics drawn from the Office of the Information and Privacy Commissioner of Alberta and the Office of the Fire Commissioner.

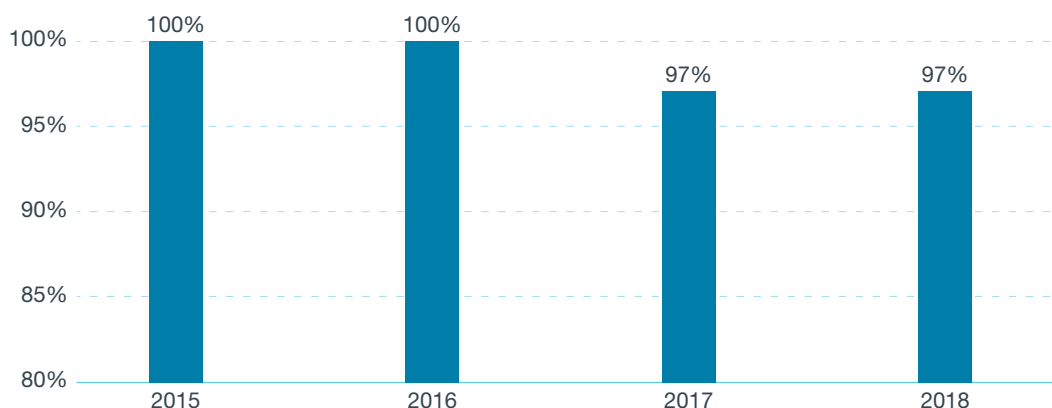
With the exception of 2017 where sessions were expanded and dedicated to addressing the *Municipal Government Act* amendments, attendance numbers in 2018-19 out-paced previous years as shown in the following chart:

Regional Training Initiative



As demonstrated in the chart below, regional training sessions continue to be viewed by municipal administrative officials as meaningful opportunities to increase knowledge and connect with department staff. Surveys from the participants show consistent demand for continuing the initiative.

Respondents Interested in Attending Future Regional Training Sessions

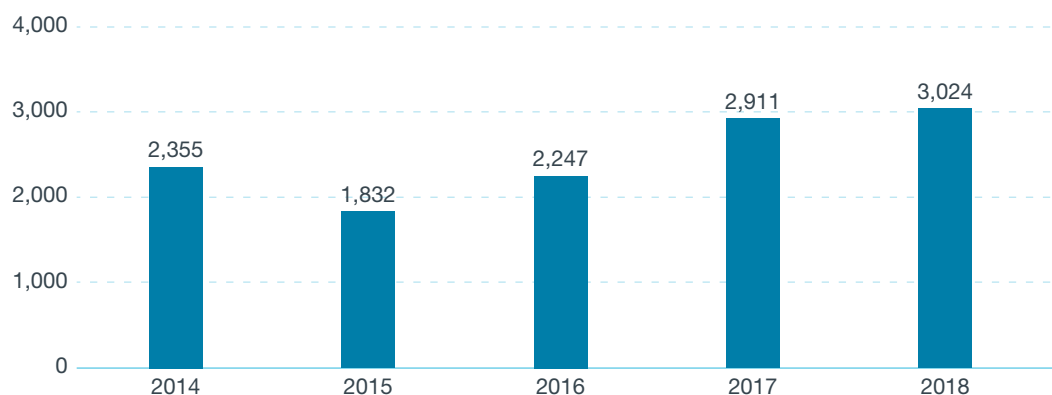


Additional training provided to municipalities throughout the year included on-site sessions about the roles and responsibilities of individual councils and their administrators, municipal administration, and election procedures, as well as tax and assessment training for administrators (in partnership with the Alberta Government Finance Officers Association). Lines of communication between ministry staff and municipal administrative officials are maintained by staff attending and making presentations at conferences and meetings, and by participating in administrative and professional organizations.

Advisory Support

Advisory support is provided to municipalities on the topics of municipal governance, administration, planning, finance, and tax and assessment, and is tracked primarily through switchboard calls directed to individual advisors. The chart below reflects the number of advisory calls per year transferred through the switchboard.

Number of Advisory Calls Transferred Through the Switchboard Per Year



A substantial number of municipal advisory interactions were not included in these numbers. These interactions are primarily related to the direct support provided to municipalities through email and phone conversations that did not go through the switchboard. In many cases, advisory staff have developed relationships with stakeholders that result in stakeholders contacting advisors directly for support, rather than calling the main reception phone line.

As a result of this identified gap, a tracking system was created that provides an easily accessible online tool for staff to enter in valuable details of the advisory support provided to stakeholders. This information will be tracked over the next reporting year and provide a valuable tool for assessing training needs for department stakeholders.

In addition to general support through telephone and email inquiries, the department also provides direct support to municipalities with unique needs, such as targeted support for newly hired chief administrative officers to ensure they have the support needed to fulfil their new roles. In addition, where requested, staff will provide a site visit to answer questions and address concerns regarding budgeting and tax rate bylaws, tax recovery processes, or any other administrative issue.

Municipal Internship

As the municipal workforce continues to see the retirement of experienced senior staff, it remains vitally important to support recent graduates in exploring municipal career opportunities. The recruitment and retention of qualified employees is an ongoing challenge for many municipalities.

Among Canadian provinces and territories, Alberta's Municipal Internship Program supports the largest number of interns annually and is the longest running program of its type. Under the program, the ministry's internship staff recruit recent post-secondary graduates who are interested in a career in local government, and provide support to the host organizations to hire these graduates so they can gain practical experience in the field. The program supports interns in three streams: administration, land-use planning, and finance. While in the program, interns also receive coaching, mentoring, and opportunities for networking and professional development.

The continued interest and willingness of municipalities to partner with the ministry to develop the next generation of municipal leaders has been key to the ongoing success of the Municipal Internship Program. One hundred and twelve municipalities and seven planning services agencies have participated as internship hosts since 2002. The program has consistently had more applications than positions available, and each year brings a combination of new and repeat municipal applicants.

In 2018-19, the ministry provided grant funding through the Alberta Community Partnership program to help municipalities cover the costs of hosting 11 administrator interns, two land-use planner interns, and nine finance officer interns. These municipalities ranged in size from smaller municipalities such as the Municipal District of Smoky River and the Town of Raymond, to more populous municipalities such as the City of Beaumont and the Town of High River.

Municipal Excellence/Minister's Awards

The annual Minister's Awards for Municipal Excellence serve to recognize best practices among municipalities. The awards are decided upon by a review committee that discusses each submission and makes recommendations to the minister.

The review committee includes representatives of organizations that frequently partner with the ministry on a range of initiatives, including:

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

Did you know?

Of the nearly 300 interns who have participated in the Internship Program since 2002, more than half are now employed in the municipal field, while a number of participants are employed in the Alberta Public Service. Many program alumni mentor or directly supervise municipal interns in their organizations.

The 2018-19 fiscal year marked the 17th year of the awards program. Forty-six submissions were received for consideration and the following were selected as award winners and honourable mentions:

- **Innovation Award Winner — Town of Drumheller — Dinowalk — Dinosaur Street Walk Project**
This initiative used digital information to encourage pedestrians to learn about the dinosaurs that have shaped Drumheller's natural history. Secondary renaming of streets emphasized a strong connection to Drumheller's civic pride as the Dinosaur Capital of the World.
- **Innovation Award Honourable Mention — Lacombe County — Public Engagement Strategy**
This strategy encouraged public participation in the development of the county's municipal development plan and land-use bylaw.
- **Partnership Award Winner — City of Lethbridge — Traditional Knowledge Use and Assessment**
This initiative examined the historical and continued presence of First Nations peoples within the urban landscape of Sikoohkotok, the City of Lethbridge. The assessment was a collaboration between the city and the Blackfoot Confederacy Nations to identify and understand places of traditional land use, ecological knowledge, and spirituality. The information gathered through the assessment will inform land-use and parks planning projects and on-going heritage management.
- **Partnership Honourable Mention — Town of Strathmore — Strathmore Regional Recreation Facility and Public School**
This project brought together the town, Wheatland County and Golden Hills School Division to construct and operate a facility that includes a fieldhouse, indoor gymnasiums, an elevated track, and a kindergarten-to-Grade-9 public school.
- **Partnership Honourable Mention — Town of Raymond — Shared Chief Financial Officer Services**
This initiative provided comprehensive municipal financial and accounting services that were shared with the Village of Stirling and the Town of Magrath, and contracted out to the towns of Picture Butte, Milk River, and Granum; the villages of Stirling, Hill Spring, Glenwood, and Warner; Improvement District No. 9 (Banff); and Improvement District No.4 (Waterton); the Ridge Water Services Commission; and Magrath and District Water Services Commission.
- **Safe Communities Award Winner — Town of Coaldale — Emergency Management Training Program**
This initiative established an emergency management training program.
- **Larger Municipalities Award Winner — City of Calgary — Municipally Owned Internet of Things Network**
This infrastructure will provide wireless signal coverage for a large footprint of the Calgary area, and lays the groundwork for smart-city applications such as city-wide noise and air quality monitoring, flood detection, asset tracking, green buildings, and urban canopy maintenance.
- **Smaller Municipalities Award Winner — Town of Smoky Lake — Smoky Lake Grows Entrepreneurs: Leveraging What We Have to Get What We Want**
Under this initiative, contracted business coaches worked with entrepreneurs, the chamber of commerce, and the school, to broker relationships with regional and provincial resources to support small business development.

Municipal Inspections

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

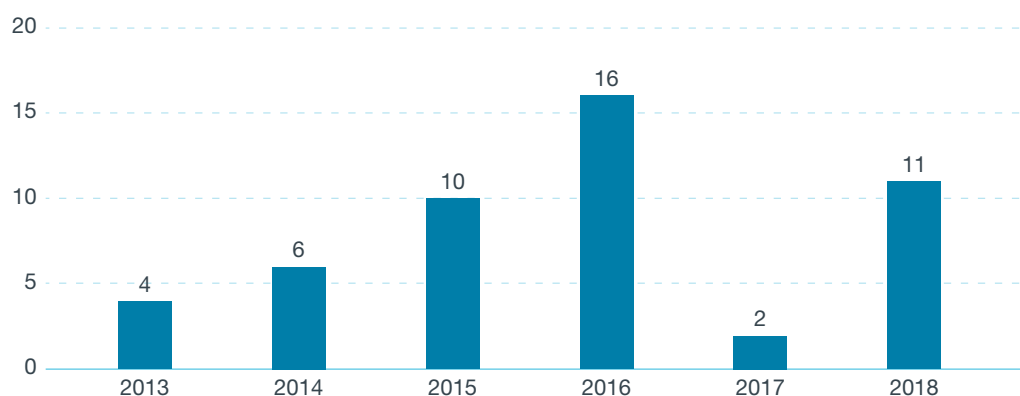
Inspections are ordered by the minister when, in the minister's opinion, significant governance or management concerns exist. Inspections are undertaken as a result of:

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

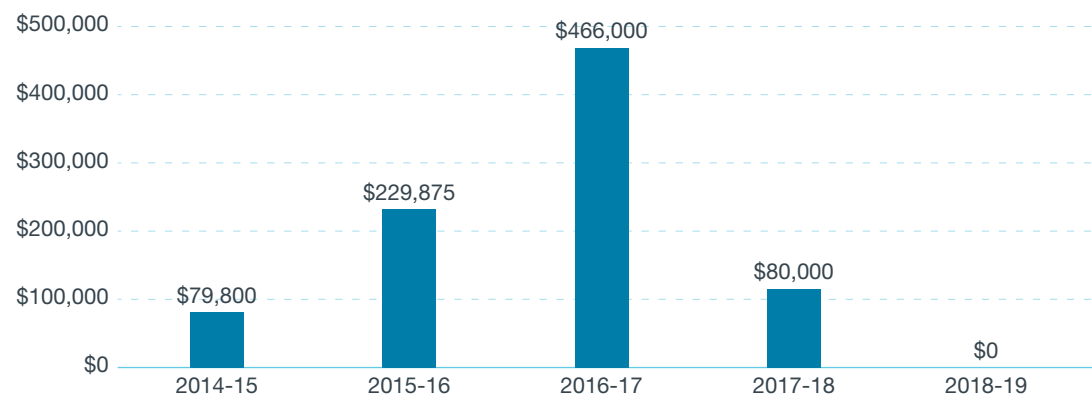
As part of the inspection, the ministry will conduct a preliminary review, and if there is indication of significant concerns, the minister will order an inspection. Inspectors are most typically contracted through the Government of Alberta procurement process and must be appointed by Ministerial Order.

Comparing the number of requests or petitions for inspection in relation to the term of a municipal council, the following graph depicts the cyclical nature of inspection requests or petitions leading up to a municipal election year — with the last municipal council term running from 2014 to 2017. Over the past six years, 49 inspection requests were received.

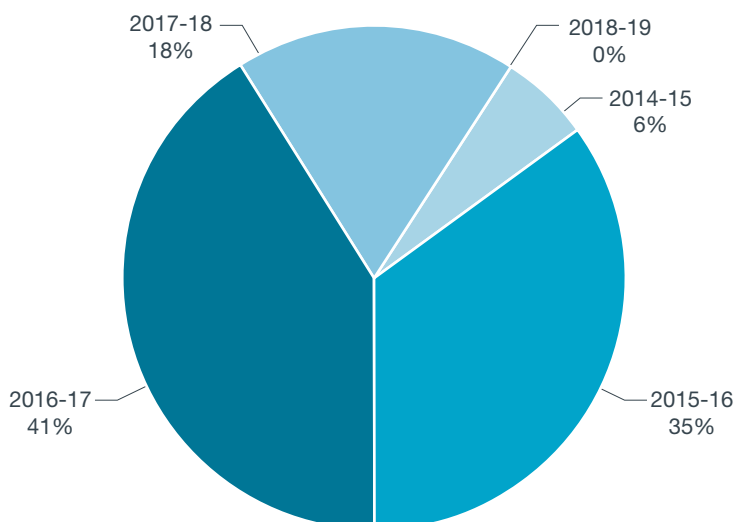
Inspection Requests, 2013-2018



Value of Contracts for Municipal Inspections, 2014-18



Numbers of Inspections Ordered, 2014-2018



Municipal Accountability Program

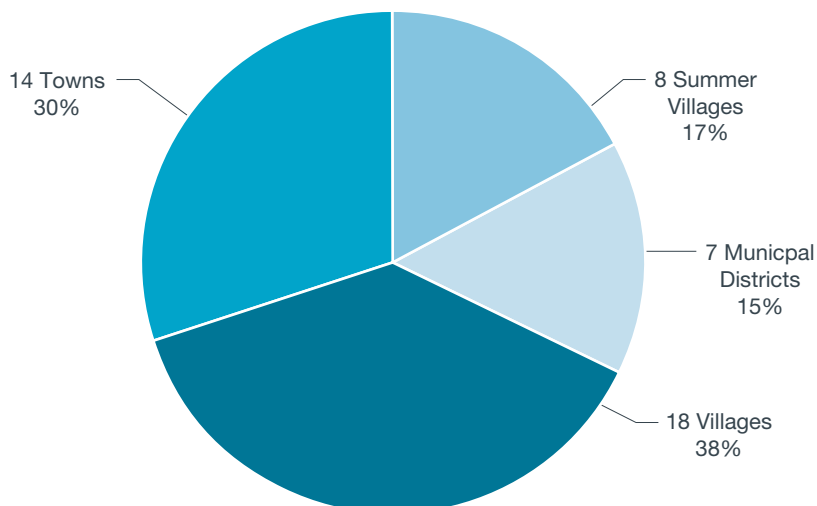
As part of the ministry's advisory support strategy, the Municipal Accountability Program — which consists of minister-initiated reviews — aims to build municipal administrative capacity and help municipalities in their compliance with mandatory requirements of legislation. Where possible, the program endeavours to mitigate any issues that — if left unaddressed — could have the potential to put the municipality into an in-depth inspection process. While in-depth inspections identify significant issues of concern, they also address minor legislative non-compliance issues that are now identified through the program, and are dealt with quickly and efficiently.

The Municipal Accountability Program is mandatory for municipalities with populations of 5,000 or less, capturing 245 municipalities, or 72 per cent of all municipalities in Alberta. The program is not intended for cities, improvement districts, special areas, or unincorporated municipalities. The program consists of multi-year, cyclical reviews, so over a four-year cycle, each of the 245 municipalities will undergo one review. Forty-six reviews were conducted across Alberta in 2018-19, the inaugural year of the program. The following graph shows, by municipal type, the Municipal Accountability Program reviews conducted for 2018-19.

Did you know?

Of the fifteen municipal inspection requests received since 2016, 12 of those municipalities, or 80 per cent, would have been captured by the Municipal Accountability Program.

2018 Map Reviews, by Municipality Type



Each municipality gets a Municipal Accountability Report that identifies areas of compliance and includes recommendations and resources to remedy any legislative inconsistencies that may exist. Once a municipality gets a report, it is required to submit an action plan to the ministry outlining how any legislative inconsistencies will be resolved.

In 2018, there were 67 topics — comprised of over 200 different requirements — reviewed for legislative compliance. Of the 46 reviews completed in 2018, the number of non-compliant gaps identified varied from as low as four items to a high of 29.

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

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

Did you know?

- Since the Municipal Accountability Program was introduced, two in-depth inspections were completed outside of the Municipal Accountability Program. Those inspections disclosed a total of 29 issues. A Municipal Accountability Program review would have proactively identified and mitigated 15 of those issues.
- Three of the 11 inspection requests assessed in 2018 resulted in the municipality being scheduled for a Municipal Accountability Program review, rather than an inspection.

Viability Reviews

The viability review process — enabled through the *Municipal Government Act* — provides a framework through which the viability of a municipality that is encountering significant challenges can be evaluated. The process can result in the implementation of an action plan to address viability issues, or alternatively, a vote of local electors that could lead to a municipal dissolution. A municipal dissolution is where the municipal corporation no longer exists and the community becomes part of the neighbouring municipality.

The viability review is a collaborative process that includes the municipality under review, the municipality that would absorb the dissolved municipality, the municipal associations, and the ministry. The review will look at a municipality's governance, finances, infrastructure, and services in order to determine what changes are required for the community to remain viable. The review compares how these factors would change if the municipality were to dissolve. In order to provide an accurate picture of the municipality's infrastructure status, each viability review is typically preceded by a comprehensive infrastructure study funded through the municipal restructuring stream of the Alberta Community Partnership.

Viability reviews can be initiated in three ways:

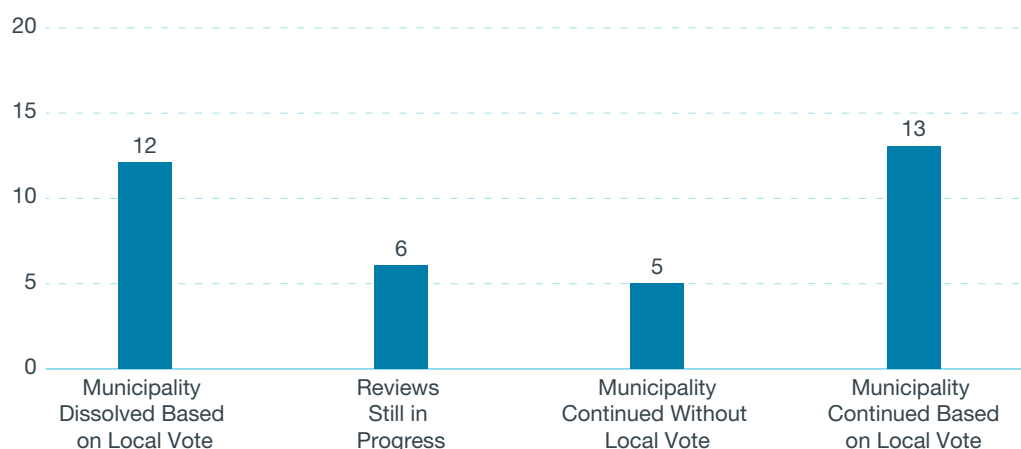
1. At the request of a municipal council.
2. Upon receipt of a sufficient petition from a municipality's electors.
3. At the discretion of the minister if there is evidence that a municipality is facing significant challenges.

Seven viability reviews were completed in 2018-19, five of which (the villages of Berwyn, Ferintosh, Innisfree, and Rycroft, and the Town of Grande Cache) concluded with votes of the electors of the municipality. Of those, the villages of Berwyn, Innisfree, and Rycroft voted to remain municipalities. In the Village of Ferintosh and the Town of Grande Cache, the majority of electors voted to dissolve. The Lieutenant Governor in Council approved the dissolution of the Town of Grande Cache effective January 1, 2019. In December 2018, electors in the Village of Ferintosh voted in favour of becoming part of Camrose County.

The remaining two viability reviews, initiated in 2017-18 (the villages of Champion and Hussar), concluded without proceeding to a public vote on the question of dissolution — as the viability review teams concluded the municipalities had the potential to be viable. This view was further supported by strong public sentiment from within the community. In these cases, the former minister ordered the municipality to take actions to ensure ongoing viability based on the recommendations made by the viability review team.

In 2018-19, five new viability reviews were approved. Viability reviews for the Town of Granum and Village of Bawlf were initiated by elector petition; reviews in the villages of Dewberry and Gadsby were initiated by council request; and the remaining review, for the Village of Cereal, was initiated by the ministry — the first instance in which the ministry has initiated a viability review. Each of these municipalities received approval for a \$120,000 infrastructure study grant and will have viability review teams formed later in 2019.

Viability Reviews / Dissolution Studies – 10-Year Overview



Viability Review Process Improvements

Municipal Affairs continuously looks to improve its processes and in 2018-19, the ministry used tools available within the *Local Authorities Elections Act* that had previously not been used for dissolution votes.

- An advance vote, which was used in Grande Cache to accommodate the large voter base within the municipality. By providing residents the option of participating in the advance vote, the intent was to facilitate a higher participation.
- Special ballots were made available to residents who were physically incapacitated or away from the jurisdiction during the voting days in the Village of Innisfree dissolution vote. Again, the intent was to encourage higher participation.

Municipal Affairs will continue to explore how to use these tools within the *Local Authorities Election Act* effectively and efficiently to support increased elector participation in the future.

With respect to the infrastructure studies completed as part of the viability review process, in 2018-19 — based upon the lessons learned from past reviews — two new resources were developed to help municipalities improve the consistency and quality of these studies:

1. The ministry engaged an engineering firm to develop the Guidebook for Procuring Services: Infrastructure Audits. The guidebook was developed based on ongoing feedback from municipalities and viability review teams. The guidebook outlines what should be included within the scope of the infrastructure study, as well as steps within the procurement process.
2. In conjunction with the guidebook, a template “terms of reference” was created to set out the specific tasks and deliverables required in the completion of the infrastructure study.

Regional Governance Studies and Amalgamation

The *Municipal Government Act* provides a process for amalgamation, which occurs when two or more municipalities join together to become one municipality. Municipalities may explore amalgamation if they believe they can operate more effectively or efficiently together rather than separately. In 2018-19, two collaborative projects were funded by the Restructuring Study stream of the Alberta Community Partnership Program, so they could complete regional governance studies.

The City of Brooks, Town of Bassano, the villages of Duchess and Rosemary, and the County of Newell were approved for a grant of \$189,231 to support further exploration of governance options and to conduct public consultations. The Village of Wabamun was also successful in their application for \$200,000 to fund a regional governance study with neighbouring Parkland County.

Accuracy, Equitability, Predictability, and Transparency in Alberta's Assessment and Property Tax System

Municipal Affairs promotes a provincial assessment and property tax system that is accurate, equitable, predictable, and transparent. The ministry:

- administers and maintains the assessment and property tax system in Alberta that generates approximately \$949 billion in equalized property assessment and \$9.5 billion in total taxes;
- assesses designated industrial property, including linear properties, on a cost-recovery basis;
- develops and maintains provincial assessment and property tax policy;
- collaborates with municipalities and industry to make recommendations for setting assessment standards through legislation;
- provides models used to value regulated industrial property;
- monitors assessment performance and compliance with policies and legislation and recommends corrective action;
- maintains a database of all property assessments in the province; and
- supports the property assessment complaints and appeals system.

A key aspect of improving consistency, efficiency, and fairness in property assessment and taxation is implementing requisite programs that support objectives, reviewing current models and process, and consulting with stakeholders. In 2018-19, Municipal Affairs supported Alberta's assessment and taxation system in the following ways:

Auditing for Assessment Quality

The Assessment Quality Minister's Guidelines set out the requirements for municipalities to report information to the province for the annual assessment audit and equalization process. In 2018-19, 100 per cent of municipalities were in compliance, with a total of 79 individual appointed assessors reporting and declaring this information by the legislated date.

As with previous years, the ministry completed annual audits of all Alberta municipalities, 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 certain grants are fairly allocated. In addition to annual audits, the ministry also conducted detailed audits — a more comprehensive quality review of a municipality's assessment program — of 13 municipalities.

Assessment Model Reviews

The Minister's Guidelines are published annually and set out the rates, factors, and procedures used in the assessment process for all regulated property in Alberta. Regulated property includes linear property, machinery and equipment, and farm land.

The procedures set out in the Minister's Guidelines, including the assessment year modifiers, are updated during assessment model reviews. This process includes engaging stakeholders to discuss concerns with the existing rules and procedures and developing options for improvement. Continuing in the 2018-19 fiscal year, engagement activities were held with working groups to review the machinery and equipment, and well models.

Engagement on Assessment and Taxation

Municipal Affairs operates with a practice of collaborating broadly with stakeholders and actively meets, consults, and communicates with representatives from municipalities, industry, and property assessment professionals.

In 2018-19, in order to steer high-level decisions, the department met with a technical advisory committee comprised of experts in the industrial assessment field, including municipal assessors and industry representatives. This committee was vital to supporting the design and implementation of designated industrial property assessment with the provincial assessor. The feedback Municipal Affairs has received is helping to improve and streamline consistency in the assessment process.

Other Programs that Support Municipalities

Grants In Place of Taxes

As Government of Alberta property is exempt from municipal taxation, municipalities are given a grant in place of taxes — not exceeding the value of the property taxes — on eligible Government of Alberta property within the municipality.

The payment acknowledges that the Government of Alberta — the same as other property taxpayers — 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.

Through the Grants in Place of Taxes program, \$53 million was provided to 170 municipalities in 2018-19. This includes \$29 million to the City of Edmonton and \$10 million to the City of Calgary.

Provincial Education Requisition Credit

To support municipalities as they deal with unpaid property taxes in relation to oil and gas properties, the Government of Alberta launched the Provincial Education Requisition Credit program in November 2017, which Municipal Affairs facilitates by accepting and reviewing applications from municipalities. Recommendations are then made to Alberta Education to provide successful applicants with an education property tax credit equal to the uncollectable education property taxes on delinquent oil and gas properties. As education property tax requisitions must be paid by the municipality to the province regardless of any tax arrears, this created revenue challenges for some municipalities and an opportunity for the province to provide assistance.

Municipal stakeholders have continued to react positively to the Provincial Education Requisition Credit program. For the 2018-19 year, 38 municipalities applied to the program, for a total claim of \$3.5 million. This program is retroactive to 2015 and will operate until January 15, 2020.

Did you know?

For 2018-19, \$3 million was provided to municipalities for Crown properties associated with research, trees, and fish. This includes a veterinary laboratory in the Town of Fairview, a tree nursery in the City of Edmonton, and a fish-rearing facility in the Municipal District of Bonnyville.

Community Revitalization Levy

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

In response to a request from the City of Calgary, the provincial government approved an extension of the Calgary Rivers District Community Revitalization Levy from 20 to 40 years. Extending the term of this levy beyond 20 years will provide additional funding for redevelopment projects in the area, such as the BMO Centre expansion, the Arts Commons project, and other infrastructure needed to support the revitalization of the Rivers District. It is hoped these projects will help attract private investment and spur economic development. Through this extended levy, the provincial government will fund one-third of the costs for the BMO Centre expansion, equivalent to \$167 million, in addition to other infrastructure upgrades within the Rivers District Community Revitalization Levy area.

The Government of Alberta is also in the process of concluding a review of the overall Community Revitalization Levy program. The program was reviewed with the intent to improve the flexibility, transparency, and accountability.

Municipal Cannabis Transition Program

Cannabis legalization occurred in Canada on October 17, 2018. Alberta's approach to legalization has four policy objectives:

- keeping cannabis out of the hands of children;
- promoting safety on roads, in workplaces, and public spaces;
- promoting public health; and
- limiting the illegal market for cannabis.

Municipalities are playing a role in helping the province achieve its cannabis policy objectives — primarily by establishing policing priorities and administrative functions, such as bylaw development and business licensing.

The Municipal Cannabis Transition Program, announced on October 15, 2018, provides \$11.15 million to the 52 Alberta municipalities with populations over 5,000 that pay for their own policing. These municipalities were targeted because enforcement costs are expected to be the highest in larger municipalities and, given their size, are also where cannabis retail stores will most likely be located.

Did you know?

Since the Town of Cochrane's Community Revitalization Levy came into effect in 2012, the total assessed values of properties have increased from \$5 million to \$131 million (over 2,500 per cent). The remediation and new infrastructure set the stage for significant private investment in the Community Revitalization Levy area.

The primary objective of the program is to support eligible municipalities in addressing additional enforcement and administrative costs related to the legalization of cannabis in Alberta. This funding supports a range of local priorities including:

- incremental staffing;
- education and outreach;
- studies and research;
- advertising and communications;
- municipal administration training and capacity building; and
- municipal administration bylaw development and enforcement.

As the implementation costs associated with cannabis legalization are difficult to estimate, the program provides funding in the short term. Next steps will be determined following an evaluation of the program.

Equalized Assessment and Education Property Tax

Each year, the ministry, under the authority of the Minister of Municipal Affairs, prepares equalized assessments for each municipality in the province. Equalized assessments are the basis for requisitioning provincial education property tax and other local jurisdictional 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.

The official 2019 provincial equalized assessment was \$949 billion, which is an increase of about \$18.6 billion (2 per cent) from 2018. This increase is related to the economic recovery in Alberta, which affected the market value of properties across the province. Some of the contributing factors to the increase in market value are inventory demand, and the rate of growth of new developments.

Education property taxes provide a stable source of funding for the kindergarten-to-Grade-12 education system. The Government of Alberta determines the total amount of education property tax to be collected. The ministry 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. All 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.

Outcome Two: A comprehensive system of standards ensuring quality infrastructure so that Albertans are safe in their homes and communities

Key Strategies

2.1 Work to harmonize safety codes with national and international codes and ensure they are adopted in a timely manner.

Safety codes establish minimum standards for the construction, renovation, and operation of buildings and their associated systems — such as the architectural, mechanical, and electrical systems. They are created at the national level, pooling the expertise of Canada’s regulators, industry, and safety specialists. Codes are regularly updated to respond to emerging safety issues and technological advancements, both of which affect how buildings and systems are constructed.

In order to make sure safety codes are effective and current, code development organizations have established committees comprised of stakeholders to develop the content of codes and address safety issues. Committee members include provincial regulators; safety experts; and representatives from the trades, labour, municipalities, industry, non-profit organizations, and the public.

Harmonization and Timely Code Adoption

Alberta’s safety system continues to make progress on harmonization of safety codes. Harmonization was undertaken to better enable labour mobility and business and industry certainty through alignment with broader standards. As part of this progress, the ministry is introducing timely code adoption to the regulations for each safety discipline, which means national and international codes will be automatically adopted within one year of being published. This ensures current codes are adopted in a timely and predictable manner, enhances Alberta’s trade and labour mobility by standardizing elements of safety codes across the country, and enables training institutions to prepare curricula and industry to prepare for changes a year in advance.

Alberta has confidence in timely code adoption because of its confidence in the national and international code development processes. Alberta engages with stakeholders through the Safety Codes Council’s technical sub-councils, which review new codes and provide advice on the implications of adoption, or proactively identify issues and trends. This allows technical administrators and other provincial representatives to add their perspectives and advice at the national and international code development level, and to flag issues around recently published codes for the minister.

At the end of the 2017-18 fiscal year, there were seven safety codes in four disciplines that were yet to be harmonized. In December 2017, the former minister directed the ministry to harmonize codes and introduce timely code adoption for the remaining disciplines — building, fire, energy, and elevating devices — in 2018-19. The ministry began by communicating with municipalities and other affected

Did you know?

Innovations in construction technology have led to a recent increase in wood-framed buildings across the country. Wood construction:

- reduces each project’s carbon footprint by being less reliant on concrete and steel;
- allows for a faster build, with less disruption to the neighbourhood, as components can be pre-assembled; and
- can now be used to build taller buildings, due to its light weight.

stakeholders about the upcoming changes. It worked with stakeholders through the Safety Codes Council to review code changes, consider Alberta-specific variations and clarifications, and identify implementation challenges along with plans to address them. The ministry then worked with the council to draft proposed regulatory changes for the remaining disciplines and support implementation of the code changes.

In February 2019, Government of Alberta approved amendments to the regulations to allow timely code adoption of the building, fire, and energy codes in order to further harmonize these codes. The following codes came into force on April 1, 2019:

- National Building Code 2019, Alberta Edition
- National Fire Code 2019, Alberta Edition
- National Energy Code for Buildings 2017

At the end of 2018-19, there were four safety codes not yet harmonized with broader national and international standards.

The status of the remaining codes to be adopted and harmonized is detailed in the explanation of performance measure 2.a below.

The National Research Council is providing support for the implementation process, including sharing code guidance documents and providing free training for code users. The Safety Codes Council is also providing course updates for safety codes officer training at no additional cost.

Municipal Affairs continues to work toward harmonization of Alberta's codes with national and international standards. While most safety disciplines directly adopt national codes, some can be further harmonized. In some disciplines — including building, fire, and elevating devices — Alberta's codes are based on national and international codes, but are also subject to province-specific variations. Further harmonizing these codes will promote labour mobility and remove trade barriers for national companies to expand across provinces and territories. By increasing Alberta's involvement in national code development, the province is better prepared to identify and address issues in advance.

The department will continue to monitor the impact of code complexity and introduction of new technologies, and work with stakeholders to identify and address issues.

Performance Measure 2.a — Number of safety codes delayed more than one year before coming into full force

| Year | Target | Actual |
|---------|--------|--------|
| 2015-16 | 3 | 1 |
| 2016-17 | 3 | 4 |
| 2017-18 | 3 | 4 |
| 2018-19 | 0 | 4 |

Performance measure variance:

The 2018-19 target for the performance measure was zero safety codes being delayed more than one year before coming into full force; the actual result was four.

These four codes were delayed and a combination of factors influenced the results:

1. **Safety Code for Elevators and Escalators** — Due to the need for further work, including consultation with stakeholders, the elevating devices amendments would come forward at a later date, and the 2016 edition of the Safety Code for Elevators and Escalators was not adopted. A new edition of the Safety Code for Elevators and Escalators is expected to be published in 2019; and the ministry will amend the Elevating Devices Codes Regulation to introduce timely code adoption when it adopts this new edition.
2. **Lifts for Persons with Physical Disabilities Code** — A new Lifts for Persons with Physical Disabilities Code was published in 2015 and has not been adopted in Alberta. This delayed code was not reported in the performance measure results in previous years, and the actual results above have been updated to reflect this.
3. **Standard Practice for the Design, Manufacture, Operation, Maintenance, and Inspection of Amusement Rides and Devices** — A new edition of the Standard Practice for the Design, Manufacture, Operation, Maintenance, and Inspection of Amusement Rides and Devices was published in November 2017. The former minister delayed adoption until September 30, 2019, to explore and address potential effects of the new code, which includes standards for a series of amusement rides and devices not previously regulated in Alberta.
4. **National Energy Code for Buildings** — The Government of Alberta adopted, by regulation, the building, fire, and updated energy codes on February 11, 2019, which came into force on April 1, 2019. This performance measure uses a fiscal year end date of March 31, 2019, which is one day prior to the April 1, 2019, coming-into-force date, resulting in the National Energy Code for Buildings 2017 being counted as a delayed code.

Of the 37 codes adopted by regulation under the *Safety Codes Act*, 33 are now under timely code adoption. The remaining four codes are all under the Elevating Devices Codes Regulation. Once the Elevating Devices Codes Regulation is amended to adopt the newest codes and introduce timely code, adoption for future code editions, Alberta's timely code adoption process will be complete.

At this point, the ministry and its partners are beginning to shift resources from reviewing and manually adopting new codes, to influencing code development at the national and international levels, ensuring safety codes better reflect Alberta's unique needs.

Once harmonization is complete, this measure, which charted the progress of the transition to timely code adoption and code harmonization within Alberta's safety system, will become obsolete. The only exceptions will occur if the minister delays adoption of a code, which may be done in the case of a stakeholder impact or clause that causes concern. For this reason, Municipal Affairs is developing new performance metrics to better measure the safety system.

2.2 Provide the safety codes system with enhanced strategic direction and oversight through a quality assurance framework.

Quality Assurance Framework

Before the introduction of the *Safety Codes Act* in the early 1990s, Municipal Affairs was involved in service delivery in the safety system, including inspections, investigations, issuing permits, safety checks, and appliance approvals. Today, the ministry's focus is on the provision of strategic direction and oversight of Alberta's public safety system. The shift was made to improve service delivery and enable more municipal autonomy over development that could cater to each community's needs. Municipal Affairs works with many partners and stakeholders to develop policy and codes, delegate responsibility, accredit organizations, train and certify workers, and monitor compliance and

performance. Ultimately, Municipal Affairs is concerned with ensuring legislation is applied consistently across the system, creating an effective, efficient, and sustainable safety system.

To further understand and mitigate risks facing Alberta's public safety system, Municipal Affairs is implementing a quality assurance framework. This framework will identify gaps in the safety system and articulate roles, responsibilities, policies, strategies, and outcomes, and ensure tools are in place to monitor progress.

Safety System Profile

In the 2017-18 annual report, Municipal Affairs noted the ministry would build on the data and information compiled that year to develop the first profile of the safety system. The profile will be the foundation of the quality assurance framework, providing evidence to inform the framework's other components. It will facilitate a common understanding of the system among the ministry and its partners, and will help all parties identify and address gaps, and set priorities.

The safety system profile is being developed in collaboration with the Safety Codes Council and will provide the context and scope needed to support long-term, strategic planning within the public safety system. The profile will present preliminary data and information to describe the safety system as a whole, as well as the systems it comprises, such as policy development, program evaluation and oversight, and program delivery systems. Further, the profile will present information on the performance of each individual system, including incident data and accountability measures.

Based on the preliminary findings, the ministry will be able to identify major themes and mitigate risks with greater effectiveness. In the coming year, the ministry will work with the Safety Codes Council to review, prioritize, and initiate work on these opportunities.

Data and Analytics

The ministry is continually looking at ways to improve how it gathers information, and what information it gathers, as robust data is critical to informing priorities that will help to mitigate risk and improve the safety system in Alberta. In 2018-19, the ministry developed a data and information strategy with the intent of identifying data gaps and looking at how information is used, what data is available, the quality of the data being gathered, and what is currently collected.

With improved data utilization and analysis, the province will be able to present a thorough understanding of the status of the safety system, including:

- informed decision making;
- making accurate comparisons across disciplines, geographic regions, or contractors; and
- identifying areas for improvement.

Improved data collection, sharing, and quality controls will be incorporated into future iterations of the safety system profile, and will subsequently better inform policy priorities. The ministry has already begun building relationships with other ministries, provinces, and industries to better access data outside its scope or control. Improved access will enable integration of data to inform strategic direction for the system.

In 2019-20, the ministry will implement the data and information strategy by initiating work on some of the identified priorities, including: fire data; the residential protection program data; the fire certification program data; and incident data across safety disciplines.

The ministry's Public Safety Division will also work with the Safety Codes Council to improve reporting and analysis on permits and inspections, and also continue to provide development and analysis support for surveys administered by partners or external agencies.

Performance Metrics Development

As the introduction of timely code adoption will render the current performance measure obsolete, and as the ministry continues to shift its focus to system guidance and oversight, it developed new performance metrics in 2018-19.

The new suite of metrics provides a comprehensive snapshot of the state of Alberta's safety system, and assesses the ministry's performance in risk mitigation.

As the ministry reports on these metrics in the coming years, it will be better able to identify where risk is not mitigated and the fundamental cause of an incident (e.g., failure of a code to address a safety issue, or as a result of human error). Based on this information, the ministry will be able to identify opportunities to address the gaps — for example, by influencing national and international code development, working with Alberta Advanced Education on journey person training, or providing public education on fire prevention. Implementation of the data and information strategy will support the ongoing improvement of these metrics by enhancing incident and investigation data collection.

Delegated Administrative Organizations

Three delegated administrative organizations were formed in the mid-1990s by the Government of Alberta to manage some of the more labour-intensive and technically complex disciplines within the safety system. These three delegated administrative organizations function as self-funded, legal entities that specialize in their fields and are accountable to the minister. The ministry will review the mandate and roles document for each organization as a part of the quality assurance framework.

Alberta Boilers Safety Association

In 1995, the Government of Alberta moved the administration of pressure equipment safety programs from Alberta Labour to the Alberta Boilers Safety Association. The key activities of the Alberta Boilers Safety Association include:

- reviewing, accepting, and registering pressure equipment designs;
- issuing certificate of inspection permits for pressure equipment;
- ensuring regular inspections of in-service pressure equipment are conducted;
- tracking pressure equipment that has been registered for use, or manufactured, in Alberta; and
- examining, certifying, and registering pressure welders, welding examiners, power engineers, and pressure equipment inspectors.

In 2017, there were 57,243 Alberta Boilers Safety Association inspections.

Alberta Elevating Devices and Amusement Rides Safety Association

The Alberta Elevating Devices and Amusement Rides Safety Association — established in 1996 — is responsible for making sure all elevating devices, amusement rides, and passenger ropeways (such as ski lifts) in Alberta comply with provincial safety codes and regulations. Its main functions include:

- conducting inspections and approving all newly-installed or renovated elevating devices, passenger ropeways, and amusement rides in Alberta;
- reviewing all designs to ensure they meet safety requirements and codes; and
- record-keeping and tracking of devices.

As of 2018, there were 15,925 elevating devices operating in Alberta.

Petroleum Tank Management Association of Alberta

The Petroleum Tank Management Association of Alberta was established in 1994 to administer the Alberta Fire Code as it relates to the registration, construction, operation, alteration, and removal of petroleum tanks in Alberta. Cumulatively in 2017, there were 13,439 tanks registered.

2.3 Implement the Fire and Search and Rescue Strategy for Alberta.

Implement the Fire and Search and Rescue Strategy

In 2016-17, the Office of the Fire Commissioner released the Fire and Search and Rescue Strategy for Alberta. The strategy directs a shift away from transactional and operational duties, toward a focus on municipal supports and system development, quality, and co-ordination. Municipal Affairs will continue to move away from most direct service delivery, and toward helping communities build risk-reduction capacities. Municipal Affairs will continue to use its expertise to help develop more effective safety systems, training, and public education programs in the fire, and search and rescue sectors.

Supporting Fire Services

The Office of the Fire Commissioner is accredited by the National Board on Fire Service Professional Qualifications and the International Fire Service Accreditation Congress to administer certificates for a variety of National Fire Protection Association standards. In 2018-19, the ministry administered 6,233 exams through 85 fire departments, and granted 3,709 certificates.

In fall 2018, the International Fire Service Accreditation Congress conducted an audit of the National Fire Protection Association certification program. The audit team's report was positive overall, while recommending the ministry improve quality of the certification program by redefining its scope, and enhancing the reliability of assessment tools by collaborating with other accredited certifying bodies. The ministry responded to all of the recommendations by the end of 2018 and will continue to implement them in the coming year. The audit team also praised the certification program on its early adoption of online administration to improve efficiency and security. The ministry began its shift to an electronic system with student records and certificate delivery in February 2019. Online exam delivery will be implemented in 2019-20, after the ministry looks at implementing processes that will work in fire departments across the province, regardless of their infrastructure or equipment.

In 2018-19, the ministry provided approximately \$500,000 to communities for fire department training, which in past years has been used to provide training to approximately 1,500 firefighters. This year, the fire services training grant had a more strategic focus than in previous years; training must now lead to a National Fire Protection Association certification from Municipal Affairs, and the ministry recommended several focus areas for training, such as leadership, instruction, or safety codes officer training.

In the 2017-18 annual report, the ministry reported on its \$270,000 grant agreement with the Alberta Fire Chiefs Association to provide access to mental health supports for firefighters. The association hired a psychologist to support fire service members who were first responders in the 2016 wildfire in the Regional Municipality of Wood Buffalo, and provided critical-incident stress-management training to firefighters across the province.

The ministry has also been working on a longer-term approach to address fire protection and prevention in wild-land/urban-interface areas — developed communities that are adjacent to forested areas. In 2018-19, the ministry sent resources to seven wildfires and supported the Alberta Fire Chiefs Association in planning a more strategic approach to such events in the future. In August 2017, the ministry provided \$1.6 million to the association, which has since been used in developing operational guidelines; covering costs for municipal firefighters to obtain structure protection training; and covering costs to move and upgrade firefighting equipment across the province.

Search and Rescue

In 2018-19, Municipal Affairs continued to provide support to the search and rescue community in Alberta by tracking search and rescue activity, providing training grants, and ensuring volunteers have good faith liability insurance and workers' compensation benefits. In 2018-19, the ministry provided \$150,000 for ground search and rescue training, which has been used to train more than 350 search and rescue personnel to date. The ministry also provided \$150,000 to Search and Rescue Alberta for improvements in its business activities — such as training incentives for search and rescue teams, textbook purchases, and board training — and software upgrades for data management.

Grant administration

In 2018-19, the ministry identified needed improvements in its grant administration process and in the coming year, the ministry intends to provide more diligent direction and vigorous oversight of grants by including more clearly defined deliverables and more direct, frequent, and scheduled reporting requirements for grant recipients. As part of the quality assurance framework discussed in Key Strategy 2.2, the grant administration process will provide better assurance that the safety system and its partners are contributing to desired system outcomes and providing value for public dollars.

Public education

In 2018-19, the ministry continued to collaborate with other jurisdictions and organizations on public education initiatives, including fire prevention programs in homes, businesses, and the outdoors, as well as carbon monoxide campaigns.

The ministry partnered with the Western Canadian provinces and territories to develop materials and administer its annual “Fire Safety Starts with You” classroom competition for Fire Prevention Week. More than 250,000 Alberta students from grades 1 to 4 received fire prevention materials, and teachers completed a short survey regarding how the materials were used. Replies were sorted by service region, one entry was drawn from each region, and that teacher received a \$200 gift card to Education Station (an education supply store) to put toward classroom resources.

Also for Fire Prevention Week, the ministry partnered with the National Fire Protection Association on their campaign: “Look. Listen. Be aware — fire can happen anywhere.” The ministry purchased eight Fire Prevention Week kits and asked fire departments within each service region, along with First Nations communities, to submit fire prevention plans for the week. Eight winners were drawn, and each winner received a kit containing \$500 worth of National Fire Protection Association fire prevention materials.

The ministry provided \$750,000 to the Alberta Fire Chiefs Association to conduct a three-year carbon monoxide awareness campaign that began in fall 2018. The ministry also provided support throughout the contract process, including advising on the procurement of a communications vendor. In 2018, the Alberta Fire Chiefs Association ran a three-week, province-wide campaign, with advertisements in newspapers and on television, radio, and social media platforms. Evaluation of the campaign indicated it was generally well-received. In 2019-20, the ministry will work with the association to determine how the campaign should move forward, and to develop performance metrics that will evaluate its overall effectiveness.

Performance Indicator 2.a: Loss (in dollars) per capita, to fires in a calendar year

| Year | Per Capita Loss |
|-------|-----------------|
| 2014 | \$109.39 |
| 2015 | \$150.56 |
| 2016* | \$535.48 |
| 2017 | \$120.26 |
| 2018 | \$85.72 |

*Values for 2016 include the Wood Buffalo wildfire that began on May 3, 2016. The 2016 values excluding all wildfire-specific events are 5,053 fire reports, \$706,728,189 in total loss, and a per-capita loss of \$172.51.

Each year, the Public Safety Division of Municipal Affairs reports on dollar loss due to fires in Alberta to provide insight into the frequency and severity of fires in the province. When compared to the 2017 data, the 2018 result of \$85.72 fire loss per capita represents a 35 per cent decrease, based on 4,470 submitted fire reports totalling \$360 million in fire loss.

However, a larger than usual number of reports from 2018 were in draft mode at the 2018-19 fiscal year-end, and will require additional information before being formally submitted. These reports are included in the overall total of 4,470 reports for 2018, but the fire loss information from these reports is not included in overall fire loss amounts. Where possible, draft information was included to provide a closer estimate of per-capita property loss, but some information is missing. Once the reports are finalized, total fire loss and fire loss per capita is expected to increase. Based on historical averages of loss per fire event, the ministry estimates the overall fire loss per capita for 2018 to be around \$108.

As in previous years, single high-value fire events can affect the overall per-capita loss figures, and complicate year-over-year comparisons. In 2018, notable fires included:

- a condominium fire in Edmonton that resulted in a \$14 million loss;
- a fire at a school- and office-supply business in Edmonton, causing an estimated \$7 million in damage;
- a fire at a cannabis production facility near Olds, causing \$4.2 million in damage; and
- fires on agricultural properties, including two that resulted in losses of more than \$3 million each.

Year-over-year comparisons still have validity despite missing data, particularly for common fire causes and property classifications that appear frequently, as well as instances where per-capita loss values have increased from 2017 to 2018. Analysis this year has also compared the average loss per event between 2017 and 2018 to identify material changes.

Several property types saw decreases in per capita losses last year:

- Per capita loss for mobile homes decreased in 2018, and one-storey, standalone garage fires also decreased.
- Per-capita loss for two-family homes decreased in 2018, as did fires in business/personal services buildings.
- The reporting database uses several codes for arson fires to differentiate reasons (hiding other crimes versus vandalism, for example). The total number of arson-related reports and per-capita loss decreased in 2018, moving from \$11.36 in 2017 to \$8.21 in 2018.

- Several fire causes in the reporting database refer to mechanical and electrical failures and malfunctions, as well as deficiencies in construction, installation, or design of a building. In 2018, the total number of these fires decreased by approximately six per cent, while per-capita loss declined from \$37.01 in 2017 to \$15.42 in 2018.

Property types that saw increases in per capita losses last year included:

- The number of reported fires in apartments (including condominiums) with 20 or more units stayed relatively static, but the per-capita fire loss increased in 2018. This increase is meaningful even after accounting for the large-scale condominium fire in Edmonton in July 2018.
- Increases in fire loss were seen in agricultural facilities as well; for example, fire loss in animal barns increased from \$0.38 per capita in 2017 to \$0.44 per capita in 2018.
- There was a near-doubling of per-capita loss for fires where cause was deemed to be smoker's material, despite a relatively equal number of fire reports. In 2017, smoker's material fires contributed \$4.57 in per-capita fire loss; in 2018, it increased to \$9.65. Again, this result is meaningful even when accounting for the July 2018 Edmonton condominium fire, which was caused by an improperly extinguished cigarette.

Per-capita fire loss is the quotient of total fire loss in dollars and provincial population. Neither of these values is directly affected or controlled by the ministry; however, the ministry can indirectly affect both the frequency and severity (loss) of fires through programs and support to the fire services in Alberta. For example, the expectation is that public fire safety campaigns, grants for fire service member training, and provincial representation at the national code level ultimately have an impact on per-capita loss due to fires. The direct impacts of these programs cannot be reliably isolated from the numerous other causes for fires, or from the statistical "noise" of randomness in fire events. However, the indicator can provide useful insight into longer-term trends, especially once large-scale outliers are accounted for.

2.4 Implement a builder licensing program within the province that will hold builders accountable and improve the integrity, transparency, and overall safety of residential construction.

Together, the builder licensing program and mandatory new home warranties comprise the Residential Protection Program. Introduced under the *New Home Buyer Protection Amendment Act, 2017*, builder licensing requires all residential builders be licensed in order to acquire building permits and secure warranty coverage. The intention of the program is to protect the safety and integrity of new homes, while allowing for the proactive disclosure of a builder's history to consumers. Prior to this amendment, any person could build and sell a new home, provided they secured mandatory minimum warranty coverage.

To better protect consumers and improve the quality of residential construction, Municipal Affairs expanded this into a more comprehensive approach by introducing licensing, which allows the ministry to hold builders more accountable by tracking who is involved in construction projects, including associated building companies, so the ministry is aware of corporate relationships.

The *Amendment Act* came into force in December 2017. Since then, ministry staff have been working to implement the program, including licensing activities, stakeholder engagement, policy and process improvement, and evaluation.

Licensing

In 2018-19, much of the program's resources were focused on processing applications and issuing licences. This includes issuing initial licences for new builders, issuing licences for established builders who were issued a six-month provisional licence at the start of the program, and renewing licences.

During the 2018-19 fiscal year, 2,842 licence applications were approved, of which 1,164 were licence renewals.

The ministry also began monitoring builders, in order to help prevent risks to consumers and protect homebuyers. The Registrar can suspend, cancel, or place conditions on a builder licence. Conditions can be permissive or restrictive. An example of a permissive condition is one that allows a builder to build one property outside its class of licence, while a restrictive condition may require a builder to secure warranty coverage for a property that previously had coverage terminated.

Going forward, the ministry will develop a more systematic approach to quality control. This includes collecting more diverse information from builders, and integrating data with other systems to better track, monitor, and evaluate builders. Suspensions, cancellations, and conditions will be issued to prevent builders who have demonstrated suspect business practices from building and selling new homes, and ultimately, protect new home buyers from potential hardship.

Stakeholder engagement

Throughout the year, the ministry has maintained ongoing communication with affected stakeholders — builders, warranty providers, municipalities, and accredited agencies — to provide current information, solicit feedback, and address issues as they arise. The program established the public builder registry, which supports prospective home buyers by allowing them to research builders to make better informed purchasing decisions. The program has also supported builders by assisting with licence applications and supported home buyers, home owners, builders, and warranty providers by answering questions regarding the program.

The ministry has also leveraged the expertise and networking connections of key stakeholders by establishing an advisory group that will provide advice and support to the Residential Protection Program. The advisory group includes representatives from other government departments such as Alberta Treasury Board and Finance and Service Alberta, and members representing builders' associations and warranty providers. The ministry hosted its first two meetings with the advisory group in 2018-19, during which they developed and approved a terms of reference, and provided feedback on the Residential Protection Program's vision, mission, and strategic plan.

Program policy and process improvement

In the pursuit of continuous improvement, the Residential Protection Program began to enhance its service delivery through a more efficient and client-centred approach. With this new approach, clients will have one point of contact for all residential protection supports, including the builder licensing and mandatory home warranty programs. Clients will also see reduced administrative delays as the ministry streamlines its processes, including adjustments to application requirements. Implementation of these changes will begin in 2019-20.

Evaluation

The ministry began evaluating the program in 2018-19. While the majority of the program's resources were dedicated to licensing activities, the program has positioned itself for further evaluation work in the coming year.

This year, the ministry analyzed its 2017 New Home Buyer Protection Program outcomes survey and the results have provided a baseline from which to compare overall data on the program in future years. For example, the ministry will now be able to compare respondents' confidence in quality of new home construction over time. Going forward, evaluation will be a focus of the new Residential Protection Program structure. The program will develop an evaluation framework in 2019-20, and implement it in the following years.

Outcome Three: Alberta is well prepared for disasters and emergencies

Key Strategies

3.1 Strengthen the provincial emergency management system by modernizing the legislative framework.

Post-Incident Assessments

It is standard practice in emergency management to conduct a comprehensive post-incident assessment after an emergency. The purpose of an assessment is to ensure the Government of Alberta has identified and addressed any gaps in its internal policies and processes.

In 2017-18, the ministry received the post-incident assessment report on the May 2016 Wood Buffalo wildfire — a third-party review of emergency management activities related to the fire. The Government of Alberta accepted all 21 of the report's recommendations.

Work to implement the recommendations in 2018-19 included:

- Completion of a review of Alberta's emergency management legislative framework. The review led to amendments to the *Emergency Management Act* and Government Emergency Management Regulation, and development of a new Local Authority Emergency Management Regulation.
- The ongoing development of a resource tracking process for use within the Provincial Operations Centre. The resource tracking process serves as a co-ordination hub for the activities of all emergency response partners during disasters or emergencies. This improves awareness of where resources and personnel are deployed. Progress this year included the development of a tracking system for the Provincial Emergency Stockpile. The stockpile is located in Foothills County and maintains a reserve of flood response and mitigation equipment to supplement municipal supplies.
- The continued development of an all-hazards critical infrastructure process, which will allow for more efficient classification of infrastructure such as power stations, water-treatment plants, or industrial and historical sites. In the event of an emergency or disaster, this classification process will help the Government of Alberta quickly identify how to best assign resources to help affected communities.
- The ongoing design and construction of the new Provincial Operations Centre in collaboration with Alberta Infrastructure.
- Continued work on the development of the Alberta Resilience Strategy, which will provide a framework for how the Government of Alberta will work to increase disaster resilience. In 2018-19, the ministry conducted internal consultations on the resilience strategy through the Assistant Deputy Minister and Deputy Minister Public Safety Committees.
- The collection of data from reception centres during evacuations, in conjunction with Provincial Emergency Social Services. This data will help to provide real-time information about reception centres and, during disasters, will facilitate information sharing between communities and the ministry.

Emergency Management Act Review

In 2018-19, the ministry completed a review of Alberta's emergency management legislative framework, the *Emergency Management Act*. This Act provides the legislative framework for managing and co-ordinating — locally and provincially — disaster and emergency mitigation, preparedness, response, and recovery. The review led to the development of Bill 8, the *Emergency Management Amendment Act*, tabled in the Legislature in April 2018.

During the summer of 2018, the ministry engaged with municipal emergency management stakeholders (including elected officials, senior municipal administration, directors of emergency management, and law enforcement) to talk about the proposed amendments and the development of the Local Authority Emergency Management Regulation. Stakeholders from 92 municipalities and five organizations attended sessions across the province. The ministry also received written submissions from 32 municipalities and four organizations.

Bill 8 was debated in the Legislature in October 2018 and received royal assent on November 19, 2018. The amendments to the *Emergency Management Act* achieved the following objectives:

- Clarified the evacuation order provisions given to local authorities and liability protection available for first responders.
- Established a regulation governing local authority emergency management responsibilities, providing increased direction to municipalities on their responsibilities under the *Emergency Management Act*.
- Clarified arbitration provisions in order to attest that arbitration can be used to determine level of compensation, but cannot be used to determine eligibility for compensation.
- Provided clarity around the delegation of authority during provincially declared states of emergency and the delegation of authority to municipal council committees.

A significant addition to the emergency management legislative framework was the development of the Local Authority Emergency Management Regulation. The new regulation provides increased direction to local authorities on their responsibilities regarding emergency management programs. The regulation will come into force on January 1, 2020, giving municipalities time to review their emergency management programs and make any required changes to ensure compliance.

The last part of the emergency management legislative framework review was the Government Emergency Management Regulation. This regulation outlines the emergency management roles and responsibilities of all Government of Alberta departments. Specifically, the resulting amendments clarified roles and responsibilities and government emergency management plan requirements, and removed the regulation expiration date. These amendments came into force in November 2018.

Community Emergency Management Plans

Every local authority in Alberta — defined in the *Emergency Management Act* as the council of a municipality — is required to have an emergency management plan, which is intended to ensure communities have developed effective response strategies. Field officers from the ministry's Alberta Emergency Management Agency routinely review, provide advice, and share best practices with municipalities and communities, in order to support a consistent level of emergency management planning across the province.

In 2018-19, field officers reviewed emergency management plans for 366 communities, including Metis Settlements, which is a slight decrease from 379 in the previous fiscal year.

The ministry also provides emergency management services and advice to First Nations communities as a part of an agreement with Indigenous Services Canada and in 2018-19, field officers visited 37 First Nations to review their community emergency management plans.

**Performance Measure 3.a –
Percentage of communities (municipalities, First Nations, and Metis Settlements) that have been visited by an Alberta Emergency Management Agency field officer and had their Community Emergency Management Plan reviewed annually**

| Year | Target | Actual |
|---------|--------|--------|
| 2016-17 | 90% | 86% |
| 2017-18 | 90% | 96% |
| 2018-19 | 90% | 93% |

Performance measure variance:

The target of 90 per cent was exceeded; the actual result was 93 per cent.

The actual results exceeded the target by three per cent and shows a decrease of three per cent from the previous year. The most likely explanation for the decline from the 2017-18 actual result is that the number of field officers were reduced during the latter half of the reporting period.

The result indicates 93 per cent of communities — municipalities, First Nations, and Métis Settlements — in Alberta were visited by an Alberta Emergency Management Agency field officer and had their community emergency management plan reviewed. Field officers visited and reviewed community emergency management plans for 366 out of 395 communities (the total number of communities reported [395] has decreased by one from last year's total [396] as the Town of Grande Cache has been dissolved and incorporated into Municipal District of Greenville).

In 2017-18, 38 out of 46 First Nations communities were visited, showing a significant 62 per cent increase from the previous year. In the 2018-19 year, 35 out of 46 First Nations communities were visited. This is a two percentage point decrease from the previous year.

Emergency management planning is most effective at the community level. This performance measure demonstrates the ministry's commitment in ensuring local authorities develop and implement effective strategies to prepare for and respond to disasters and emergencies.

Emergency management planning is a legislated practice for local authorities, which is intended to ensure communities are prepared in the event of disasters and emergencies. Alberta Emergency Management Agency field officers routinely visit communities and provide a number of face-to-face services, including reviews of community emergency management plans. Community visits are an especially important service provided by field officers, as direct interactions and relationship-building are integral to how the ministry supports communities with emergency management activities.

The target of 90 per cent was established based on preliminary information regarding field officer activities and an understanding that meeting with communities and reviewing emergency plans requires collaboration and co-operation between communities and field officers. The actual results for the last three years for this measure are close to the target, which implies that the target is set at an appropriate level.

The Community Emergency Management Program

In 2018-19, the ministry continued to support communities by helping them develop strong emergency management programs. One key resource is the Community Emergency Management Program, a free online tool to help develop local emergency management plans and programs.

This program includes three products to help communities build their plans and programs.

1. A hazard identification and risk-assessment tool, which is used to help identify and assess hazards and risk exposure relevant to the local jurisdiction. It also allows for mitigation strategies to be recorded.
2. The self-assessment tool helps municipalities identify the elements required (and recommended) to create a robust emergency program.
3. The emergency plan template, which includes an outline and supporting documents that should be included in the plan.

The Community Emergency Management Program also provides a library that houses supporting reference aids, forms, links and other emergency management information to assist program users in developing their emergency programs.

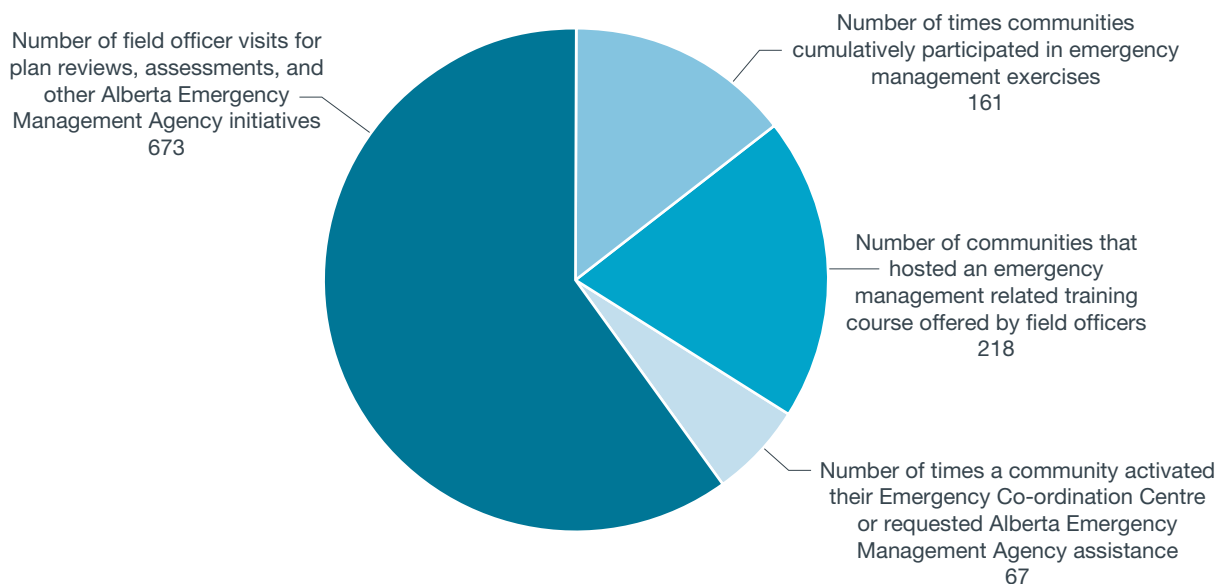
This program is in the process of being updated to reflect recent changes in the *Emergency Management Act* and the new Local Authority Emergency Management Regulation.

While the Community Emergency Management Program is a voluntary program, it has had a strong uptake, with 598 current registered users representing 281 municipalities, regions, and First Nations throughout the province. This is a modest increase from the previous year, with 563 users from 245 communities in 2017-18. The continued use of the Community Emergency Management Program underscores the importance of the relationships the ministry has developed with Alberta communities as they work toward developing and maintaining their local emergency management programs.

Did you know?

Alberta was the first province to enter into an agreement with the federal government to fund emergency management services to First Nations communities.

Field Officer Preparedness Activities for 2018-19



Intergovernmental Collaboration

At a national level, the ministry provides support, public safety collaboration, and co-ordination by acting as the secretariat to the Canadian Council of Emergency Management Organizations and the Senior Officials Responsible for Emergency Management. The Canadian Council of Emergency Management Organizations is composed of representatives from all provinces and territories, while the Senior Officials Responsible for Emergency Management is a federal/provincial/territorial body. Both groups are responsible for co-ordinating and advancing emergency management initiatives, and provide venues for efficient information exchange across all levels of government.

Senior leadership from Municipal Affairs assumed the roles of co-chair of the Senior Officials Responsible for Emergency Management and chair of Canadian Council of Emergency Management Organizations on January 1, 2018. This allowed Municipal Affairs to make significant contributions to the achievements of those groups, including:

- agreement and endorsement from all provinces and territories of the revised Emergency Management Framework for Canada;
- agreement and endorsement from all provinces and territories of the new Emergency Management Strategy for Canada; and
- establishment of an increased focus on disaster mitigation and Indigenous emergency management.

Public Safety Committees

The ministry is improving the government's preparedness and response capability by chairing the Deputy Ministers' and Assistant Deputy Ministers' public safety committees. These committees have been recognized nationally as leading the way in provincial-level emergency management governance. Through this collaboration, the public safety committees successfully completed all major deliverables in their current work plan. This included providing strategic oversight and cross-departmental co-ordination for the following initiatives:

- The amendments to the *Emergency Management Act* and its associated regulations, which came into force through November 2018 – January 2019.
- A pandemic scenario as part of the annual Emergency Management Exercise, which occurred from February 27 – March 1, 2019.
- Federal, provincial, and territorial ministerial endorsement of an Emergency Management Strategy for Canada on January 24, 2019, which will support the Government of Alberta's increased emphasis on disaster risk reduction and climate change adaptation.
- Development of a provincial resilience strategy, which will co-ordinate efforts across the Government of Alberta to support the disaster resilience of Albertans.
- Development of a remotely piloted aircrafts system in collaboration with the ministries of Environment and Parks and Transportation.
- The strategic alignment of Service Alberta's Public Safety Communications.
- Redevelopment of the Human-induced Intentional Threat Plan led by Justice and Solicitor General.

3.2 Improve Alberta's emergency preparedness and response capability through the support and development of regional incident management teams and a state of the art Provincial Operations Centre.

Provincial Operations Centre

The ministry's Alberta Emergency Management Agency operates the Provincial Operations Centre with an annual budget of \$1.3 million. Staff at the Provincial Operations Centre co-ordinate the Government

of Alberta's response to emergencies and disasters. The centre is staffed 24 hours a day, seven days a week and has four operational levels.

At Level 1, or routine operations, provincial duty officers at the centre monitor the development of emergency and disaster events inside and outside the province. At this level, communities and municipalities are able to respond to events and emergencies with their own resources.

When an incident occurs with the potential for significant impacts, such as localized flooding, or a minor train derailment, the Provincial Operations Centre may elevate beyond Level 1. As the level increases, staffing in the centre from other Government of Alberta departments and stakeholder groups increases accordingly. The Provincial Operations Centre was elevated above Level 1 for 22 days in 2018-19.

The first elevation in 2018-19 was in response to spring flooding that impacted 44 municipalities and jurisdictions across the province. The Provincial Operations Centre was elevated to Level 2 for a total of 16 days and to Level 3 for three days. The overland flooding event began in the southern portion of the province and spread to the northern border as spring conditions travelled north. This series of flooding events resulted in 18 separate states of local emergency being declared. Impacts ranged from flooding of private residences to threats to critical infrastructure such as water treatment facilities and roadways. The Provincial Operations Centre co-ordinated and deployed resources from the Provincial Emergency Stockpile to support communities in response to the flooding. In addition, staff at the Provincial Operations Centre co-ordinated communications for local emergency management directors.

The Provincial Operations Centre was also elevated to Level 2 for three days in August 2018 in response to flooding in downtown Edmonton.

Supporting Neighbouring Jurisdictions

In 2018, the Government of Alberta continued its support of neighbouring jurisdictions by sending Alberta Emergency Management Agency staff to British Columbia's Provincial Emergency Co-ordination Centre to help with wildfire response in August. The deployed staff assisted by providing expertise in operations, logistics, planning, advanced planning, recovery planning, and emergency social services. This deployment also provided staff with an opportunity to observe the management frameworks and processes used at British Columbia's Provincial Emergency Co-ordination Centre.

Incident Command System

Incident Command System is a standardized on-site management system that is designed to support effective and efficient incident management. It provides a flexible but consistent framework using common terminology and processes that enables several jurisdictions to work together on an incident response. Use of the Incident Command System is mandated within the provincial government, and its use is strongly encouraged for all emergency responders in Alberta. The Provincial Operations Centre uses Incident Command System structures and principles. An initiative to improve the centre's alignment with these structures and principles began in late 2017. The goals of this initiative were to: improve effectiveness; provide an example of an effective Incident Command System for municipalities; and improve efficiency.

The alignment of Provincial Operations Centre structures and processes with the Incident Command System was tested throughout 2018 with the goal of ensuring the Provincial Operations Centre is providing the best possible service for Albertans during times of disaster or emergency.

In conjunction with the Incident Command System realignment project, the Provincial Operations Centre's standard operating procedures were also updated and implemented in preparation for the 2019 hazard season. One update involved the de-escalation criteria for Provincial Operations Centre levels, which were developed and included in the Provincial Operations Centre standard operating procedures in response to recommendations from the May 2016 Wood Buffalo Post-Incident Assessment Report.

Alberta Disaster Local Area Network

Alberta Disaster Local Area Network software is used in the Provincial Operations Centre as the primary information management tool. In 2018-19, the ministry initiated several projects to support improvements, including:

- working with Provincial Emergency Social Services in the department of Community and Social Services to incorporate data from reception centres during evacuations; and
- designing and running monthly exercises for all Alberta Disaster Local Area Network Government of Alberta users. The exercises provide a monthly refresher on the software and give the Provincial Operations Centre team an opportunity to identify common issues.

Major Event Support Vehicles

The Provincial Operations Centre manages the deployment of two major event support vehicles. These vehicles are equipped with full cellular and satellite communications, and can operate as a communications suite and meeting space for up to 14 people. In 2018-19, the vehicles were deployed to community engagement and training events at 11 locations across the province. No incident deployments occurred.

Flood Readiness Initiative and Provincial Emergency Stockpile

Spring flooding in 2018 impacted multiple municipalities and jurisdictions across the province, and resulted in 18 separate states of local emergency being declared. With the creation of the 2018 Flood Readiness Initiative, select communities submitted applications for funding related to flood mitigation and preparedness. These communities received a total of \$2.04 million in grant funding in 2018-19, including \$60,000 provided to the Foothills County to provide training to stakeholders. An additional \$840,000 in funding will be provided in future years.

The ministry also maintains the Provincial Emergency Stockpile, a storehouse of flood equipment, in Foothills County. The stockpile is meant to supplement municipalities' flood mitigation equipment and materials. Municipalities requiring extra resources from the stockpile can request this support from the Provincial Operations Centre. For example, during the spring flooding in 2018, numerous municipalities accessed the stockpile. To support ongoing management and maintenance of the Provincial Emergency Stockpile, the ministry provided an additional \$415,000 grant to Foothills County, as well as \$1 million to purchase additional supplies like flood barriers and trailers.

A New Provincial Operations Centre Building

Municipal Affairs is collaborating with Infrastructure to design and build a new Provincial Operations Centre. The project was part of the response to a recommendation from the May 2016 Wood Buffalo Wildfire Post-Incident Assessment Report, which pointed out that the current centre was too small, its information technology infrastructure was limited, and there were insufficient planning and communication tools. The report also indicated the current centre did not have sufficient meeting rooms or work stations for the number of personnel required during a large scale incident.

The new facility will be designed specifically to meet the specialized needs of emergency management co-ordination. This will include incorporating subject matter expert advice and ideas gathered from touring other emergency operation centres. Such input is especially important because the Provincial Operations Centre will function as both regular office space for the Alberta Emergency Management Agency and as an emergency co-ordination centre. Once completed, the new Provincial Operations Centre will be able to incorporate the latest emergency management concepts and practices in conjunction with the best available technology to meet Alberta's public safety needs and help create a ready and disaster-resilient Alberta.

The proposed 5,448 square metre building will be built to post-disaster standards, capable of operating up to 72 hours off-grid, and will be able to house 224 staff. The project has a budget of \$125 million and is scheduled to be completed in 2021-22. The building will be built to LEED* silver standard specifications.

*LEED is a globally recognized building rating system that provides a framework for the creation of health, efficient, and cost-saving green buildings that are intended to maximize occupant health and productivity, use fewer resources, reduce waste, and decrease life-cycle costs. There are currently four levels of LEED certification — Certified, Silver, Gold and Platinum. Alberta Infrastructure has mandated that all new government buildings must achieve LEED Silver certification.

All-Hazard Incident Management Teams

In 2018-19, the ministry continued to train five regionally-based all-hazards incident management teams. These specialized teams are composed of municipal employees, industry representatives, and volunteers, and they are designed to deploy as immediate support to augment the emergency management capacity of communities impacted by emergencies or disasters.

There are three key outcomes associated with development of these regional incident management teams:

1. A new regionally based capability to assist municipalities in managing complex incidents.
2. A positive trickle-down impact on municipal emergency management operations through the training provided to these teams, and by virtue of a deeper understanding of the Incident Command System gained by participants.
3. Deeper relationships and trust among participants and across the provincial public safety system, enhanced by using mentors from existing teams, and other experts in the training program.

In 2018-19, five regional teams participated in all-hazards incident management team training. By the end of June 2019, four teams will have participated in the training twice, with different personnel each time, building depth within the teams. The fifth team will have participated once.

The all-hazards incident management teams are funded through \$250,000 in annual conditional grant funding, distributed between the five teams. The conditional grant agreement supporting this initiative will expire on March 31, 2024.

Addressing Risk

Climate change, together with growing urbanization and population growth, are increasing the risk of costly disasters. The ministry has implemented a number of mitigating actions to address this risk, including:

- the development of all-hazard incident management teams to provide capacity for increased regional support for large scale incidents;
- providing emergency management training to municipal stakeholders in order to support emergency management capacity within communities; and
- deployment of Alberta Emergency Management Agency field officers to directly support communities before, during, and after emergency and disaster events.

The Local Authority Emergency Management Regulation now establishes a baseline of emergency management capacity for all municipalities in Alberta. Public safety governance oversight by the Deputy Minister's Public Safety Committee acts as a cross-government co-ordination body that can proactively identify and prioritize activities to address known issues and gaps.

The ministry also increased resources for the Provincial Emergency Stockpile, which houses flood mitigation resources that municipalities can request when needed. Further, recovery planning has now been integrated into Provincial Operations Centre response activities to ensure recovery planning is being done proactively. It is expected this approach, informed by the Provincial Resilience Strategy, will increase community resilience in the long term.

3.3 Improve community and individual resilience by promoting disaster preparedness and risk awareness for Alberta municipalities and individual Albertans, with public awareness sessions and in-person and online training opportunities.

Emergency Management Training

The ministry continued to offer emergency management training to emergency management stakeholders at no direct cost to training participants. In 2018-19, the ministry provided training to 10,663 individuals. Of these individuals, 8,689 completed online training and 1,974 received classroom instruction (offered in 202 sessions). Participation in online training increased 6.1 per cent compared to the previous fiscal year. The ministry will continue to develop new training models to meet the growing demand for emergency management training.

In 2018-19, a number of course updates were developed and implemented to reflect changes made to the *Emergency Management Act* and the new Local Authority Emergency Management Regulation. These updates included a municipal elected officials course, designed to inform local authority elected officials about their roles and responsibilities during all phases of emergency management, and a director of emergency management course, designed to help municipal directors of emergency management develop a foundation of knowledge to support them in their role.

A ministry analysis of the Alberta Incident Command System training program found that additional support for instructor development and for municipalities to implement their own Incident Command System program was needed. The ministry will be working with stakeholders in 2019-20 to develop and release additional tools and supports.

The ministry will continue to provide Incident Command System training to emergency management partners both inside and outside government. To date, 274 instructors have been certified in Alberta, which represents 50 per cent of total Incident Command System Canada-certified instructors in Canada.

2018 Stakeholder Summit

Municipal Affairs hosts an annual emergency management stakeholder summit that serves as an integral education, information sharing, and networking forum for emergency management professionals from across the province and beyond. The event aims to increase professionalization and innovation in emergency management in Alberta, while creating strong partnerships within the province's public safety system.

The sold-out 2018 Alberta Emergency Management Stakeholder Summit provided a platform for more than 25 speakers to share their expertise and experiences with more than 500 delegates. The summit

Did you know?

Alberta, with 274 instructors, has the most Incident Command System instructors in Canada. Alberta is a national leader in the use of the Incident Command System and development of instructors. As such, the majority of Alberta communities use a common system during the response to emergencies and disasters. This increases response capacity and alignment across the province.

included a networking reception, a disaster games night hosted by Environment and Parks, and multiple workshops, including discussion structured around the City of Edmonton's Abundant Communities program. The summit audience has grown from 240 delegates in 2013 to 535 in 2018.

The annual Emergency Management Achievement Awards were presented at the 2018 summit to the City of Leduc and the South Central Emergency Management Committee.

- The City of Leduc received an award for providing essential Incident Command System training to the city's executive teams and adapting leading edge technology in its first response networks. The City had also created a robust platform for its emergency planning and documentation, and continues to implement information management systems and processes.
- The South Central Emergency Management Committee was given an award for its leadership in the development of the South Central Mutual Aid Agreement. Over the course of a year, and through the hard work and dedication of many South Central Emergency Management Committee team members, a formalized mutual aid agreement was drafted and signed by twenty-four communities. The agreement ensures the communities will be able to work together during any disaster they may face.

The ministry's #PrepareYourSelfie campaign was also featured at the 2018 summit. This hashtag campaign was intended to foster emergency preparedness discussions and to encourage Albertans to prepare emergency kits. A photo booth with a #PrepareYourSelfie photo frame was available at the Summit and delegates were encouraged to bring the campaign to their own communities for Emergency Preparedness Week in 2019.

Emergency Preparedness Week

Emergency Preparedness Week is a national event co-ordinated by Public Safety Canada in collaboration with the provinces and territories. The campaign is intended to raise awareness of the importance of personal preparedness for Canadian families. The theme for the 2018 campaign was "Be Emergency Ready."

To raise awareness, Municipal Affairs hosted a kickoff event in downtown Edmonton on May 3, 2018. Many emergency management partners contributed to the event by bringing equipment and educational material to share with the public, including:

- Canadian Red Cross;
- Alberta Environment and Parks;
- Insurance Bureau of Canada;
- Public Safety Canada;
- Department of National Defense;
- Justice and Solicitor General;
- Alberta Health Services;
- Office of the Fire Commissioner; and
- Alberta Emergency Management Agency.

The primary audience for the event was Government of Alberta staff, but members of the public attended, as well as the Lieutenant Governor of Alberta. An exhibit on building emergency preparedness kits was set up at the event, with sample kits for viewing and checklists available to take home.

Did you know?

The Alberta Emergency Management Agency's #PrepareYourSelfie campaign promotes personal preparedness by encouraging Albertans to put together emergency kits and post their photos to social media with the #PrepareYourSelfie hashtag.

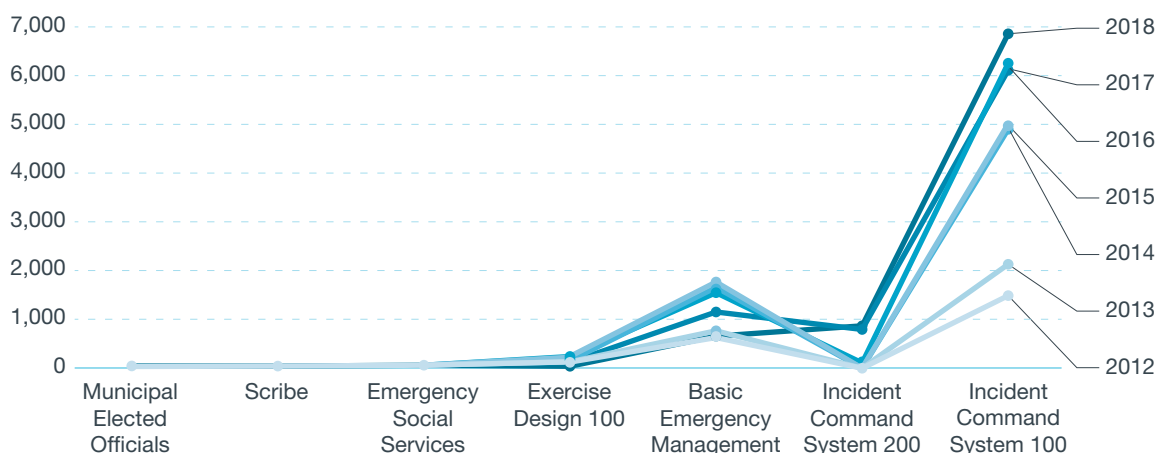
Other Emergency Preparedness Week events included “Disaster Alley” in Calgary on May 5, 2018, and “Get Ready in the Park” in Edmonton on May 12, 2018. The ministry also hosted a Government of Alberta-wide personal preparedness webinar, with several ministries participating.

Emergency Management Online Training

The following courses are offered as part of emergency management online training:

- **Incident Command System 100** is an introductory training program designed to help students learn the principles of the Incident Command System and to briefly acquaint them with its basic structure and terminology.
- **Incident Command System 200** builds on the 100-level course, and offers units and lessons that introduces students to leadership and management, delegation of authority and management by objectives, functional areas and positions, briefings, organizational flexibility, and transfer of command.
- **Basic Emergency Management** is designed to provide students with background on emergency management principles, introduce key partners in emergency management, and explain the implications of emergency management legislation.
- **Exercise Design 100** is a training program aimed at providing students with the knowledge to develop and manage a multi-year exercise program, including the steps necessary to design and develop a series of exercises — and then conduct and evaluate those exercises.
- **Emergency Social Services** is an updated presentation, developed by the South Central Region Emergency Social Services Network. It describes Alberta’s emergency management framework and how emergency social services fits within that framework; including the process for developing an emergency social services plan.
- **Scribing for Emergency Management** informs participants of the importance of the scribe function in an emergency co-ordination centre/emergency operations centre, introduces methods and best practices, and provides opportunities to put their skills to practice in several scribing exercises.
- In the **Municipal Elected Officials** course participants are introduced to emergency management principles, partner organizations, the roles and responsibilities of various stakeholders — including elected officials, and the legislation that guides and directs local authorities in their emergency management activities.

Emergency Management Online Training Activity, 2012-2018



3.4 Improve the province's capacity to assist communities' and Albertans' recovery from disaster by continuing the transformation of provincial disaster recovery activities and programs.

Disaster Recovery Transformation

Disaster recovery programs are conditional grant programs that assist government departments, municipalities, and Albertans with their eligible, uninsurable losses or damages resulting from disasters. In 2018-19, the ministry continued to transform its administration of these programs to further enhance its service delivery. In the past few years, the ministry has made progress in improving and modernizing the way it delivers disaster recovery programs, including a new grants management system, improved accessibility for applicants, and by improving communication with Albertans recovering from a disaster or emergency.

In November 2018, the ministry launched the Disaster Financial Assistance 3.0 database to make applications easier for the public and grant management easier for staff. These applications have two major software components — Disaster Financial Assistance Online and the Disaster Financial Assistance System.

Disaster Financial Assistance Online

Disaster Financial Assistance Online is an application portal allowing Albertans to check whether they qualify for assistance, apply for assistance, and track the progress of their application. Albertans now have the choice to apply for disaster financial assistance through this online public access portal, or by submitting a fillable pdf application form, reducing the need to attend a program application centre in person. The Disaster Financial Assistance System is new software enabling the ministry to administer disaster recovery programs with increased operational efficiencies and improved customer service.

Disaster Financial Assistance

The initial delivery date for Disaster Financial Assistance 3.0 was March 31, 2018, but the project's timelines were extended due to several challenges the project team encountered, including capacity issues, staff turnover, and unexpected system performance limits. These challenges were overcome by adopting an agile project management approach and introducing shorter, more frequent system development and testing phases in a more cohesive working environment. As a result, the project team delivered an online system that met performance expectations.

The overall budget for Disaster Financial Assistance 3.0 during this fiscal year was set at \$2 million, but was amended in August 2018 to \$800,000, which was sufficient to cover scope changes agreed to in November 2017 and projected advisory hours that could be used following implementation of the new system.

Community Recovery Co-ordination

The ministry works with communities and municipalities to ensure they are prepared to support residents during recovery from a disaster or emergency. This includes acting as a liaison to other Government of Alberta departments, offering advice on disaster recovery, and connecting municipalities with non-governmental organizations and other recovery stakeholders. The first priority of recovery co-ordination is providing early outreach to communities immediately following a disaster as local authorities plan their recovery actions and prepare disaster recovery program applications.

In 2018-19, six training sessions that included 144 participants from 81 communities were delivered to help municipalities track costs during the response phase and ensure supporting documentation was retained.

The ministry is committed to establishing and building strong relationships that will improve co-ordination as disasters take place and during recovery from disasters. Accordingly, the ministry developed a disaster recovery engagement plan to build and enhance relationships with external stakeholders, with a focus on sharing disaster recovery information. This included working with the Insurance Bureau of Canada to track the growing availability of overland flood insurance, working with the French Secretariat to make information about disaster recovery assistance available in French, and working with the Non-Governmental Organization Council of Alberta and its recovery subcommittee.

An example of the benefits of more proactive community engagement is that in 2018-19, ministry staff supported the Town of Slave Lake, the Municipal District of Lesser Slave River, and the Town of Beaverlodge during major disasters by deploying staff to provide assistance to these communities within 72 hours of major storm events. This early deployment supported quick approvals of new disaster recovery programs, arranged for the proper documentation from the communities, and made information and services more accessible for impacted Albertans.

Disaster Recovery Program Administration

In 2018-19, four disaster recovery programs were approved:

1. 2018 Spring Flooding Disaster Recovery Program
2. 2018 Northern Alberta Ice Jam Disaster Recovery Program
3. 2018 Town of Beaverlodge Disaster Recovery Program
4. 2018 Lesser Slave River Disaster Recovery Program

Of the 53 communities impacted by the 2018 spring flooding, 40 communities were approved for financial assistance as part of the 2018 Spring Flooding Disaster Recovery Program. In 2018-19, as part of the 2018 Spring Flooding Disaster Recovery Program, Treasury Board approved a budget of \$40 million, of which \$1.5 million was transferred to municipalities, and \$542,000 was transferred to irrigation districts in 2018-19. In addition, 121 private sector (home owners, tenants, small business, and non-profit organizations) applications were received, and more than \$277,000 was paid out in 2018-19.

Woodlands County and Mackenzie County were approved for financial assistance as part of the 2018 Northern Alberta Ice Jam Disaster Recovery Program. Treasury Board approved a budget of \$8.8 million for this program, and \$635,000 was transferred to communities in 2018-19. In addition, 22 private sector (home owners, tenants, small business, and non-profit organizations) applications were received — more than \$410,000 was paid out.

The Town of Beaverlodge was approved for assistance as part of the 2018 Town of Beaverlodge Disaster Recovery Program. Treasury Board approved a budget of \$1.7 million, and \$50,000 was transferred to the Town of Beaverlodge in 2018-19. In addition, 45 private sector (home owners, tenants, small business, and non-profit organizations) applications were received, and more than \$439,000 was paid out in 2018-19.

The Town of Slave Lake and the Municipal District of Lesser Slave River were approved for financial assistance as part of the 2018 Lesser Slave River Disaster Recovery Program. Treasury Board approved a budget of \$4.0 million for this program; in 2018-19, \$200,000 was transferred to these communities under this program. In addition, 18 private sector (home owners, tenants, small business, and non-profit organizations) applications were received, and more than \$130,000 was paid out.

**Performance Measure 3.b –
Percentage of residential disaster financial assistance files that have received 90 per cent of its estimated funding within 90 days of being determined eligible for Disaster Recovery Program compensation**

| Year | Target | Actual |
|---------|--------|--------|
| 2016-17 | 90% | 96% |
| 2017-18 | 90% | 100% |
| 2018-19 | 90% | 94% |

Performance measure variance:

This measure demonstrates the ministry's performance in providing timely disaster financial assistance to impacted Albertans.

The performance measure was introduced in the 2016-17 Business Plan as a "performance measure under development" with a target of 90 per cent.

The target of 90 per cent was exceeded; the actual result was 94 per cent. The results exceeds the target by four per cent and shows a decrease of six per cent from the previous year.

The results indicate that 94 per cent of the residential disaster financial assistance files received during 2018-19 received 90 per cent of their estimated disaster financial assistance funding within 90 days of being determined eligible for disaster recovery program compensation.

The six per cent decrease is likely due to the significant increase in applications that met the criteria to be included in the fiscal year's reporting cycle. In 2017-18, only four of the 35 residential applications received during the fiscal period met the criteria to be included in the fiscal year's reporting cycle. The remaining 31 applicants are included in this year's report, as the 90 day deadline falls within the 2018-19 year's reporting cycle.

In the 2018-19 reporting period, nine disaster recovery programs were established. A total of 78 residential applications met the criteria to be included in this fiscal year's reporting cycle, including the holdovers noted above.

In 2018-19, Municipal Affairs continued to refine the Disaster Recovery Program to better meet the needs of Albertans. The ministry's initiatives for enhancing program efficiency included refining internal processes, developing program policy statements, and providing specialized training to case managers. The 94 per cent achievement continues to validate the ministry's strategy for ensuring timely provision of disaster financial assistance to Albertans.

2016 Wood Buffalo Wildfire Disaster Recovery Program

The ministry continued to administer the 2016 Wood Buffalo Wildfire Disaster Recovery Program. In 2018-19, \$18 million was transferred to eight Government of Alberta ministries as part of this program, with a total of \$225 million transferred to ministries since the beginning of the program. This assistance has facilitated funding for wildfire response, emergency relief debit cards, transitional housing, and psychosocial support. Funding has also supported infrastructure restoration projects for provincial parks and transportation infrastructure.

The Regional Municipality of Wood Buffalo's recovery is continuing. An additional advance of \$50 million was provided to the municipality in 2018-19 to support repairs to damaged infrastructure. To date, \$198.7 million has been provided to communities under the 2016 Wood Buffalo Wildfire Disaster Recovery Program. The ministry is also continuing to work closely with the Canadian Red Cross on recovery work related to the 2016 wildfires.

2013 Southern Alberta Floods Disaster Recovery Program

In 2018-19, the Municipal Affairs transferred \$22 million to other Government of Alberta ministries for costs associated with the 2013 southern Alberta flood. Since the beginning of the program, more than \$644 million has been transferred to ministries. This funding has been used for:

- the province's emergency response and recovery administration costs;
- repairs to provincial infrastructure, including roads, bridges, provincial parks, cultural sites, schools and health facilities;
- restoration of damaged environmental resources;
- emergency relief debit cards and the hosting of evacuees across the province;
- provision of psychosocial support programs for Albertans impacted by the floods; and
- provision of interim housing for First Nations and non-First Nations residents.

In addition, \$5.7 million was transferred to municipalities in 2018-19 as part of the 2013 Southern Alberta Floods Disaster Recovery Program. To date, \$338 million total has been provided to municipalities under this program. In addition, a review of all private sector files from the 2013 Southern Alberta Floods Disaster Recovery Program was completed in preparation for Public Safety Canada's audit of the program, which will support the ministry's submission for federal cost-sharing of the program. The ministry anticipates that the 2013 Southern Alberta Floods Disaster Recovery Program will be submitted to Public Safety Canada for a federal audit by late 2019.

Municipal Wildfire Assistance Programs

The ministry also administers municipal wildfire assistance programs, which are intended to provide assistance to municipalities for losses associated with wildfires outside the forest protection area occurring within their jurisdictions. There were four municipal wildfire assistance programs approved for fires that occurred in 2017:

1. Cardston County Municipal 2017 Wildfire Assistance Program
2. Municipal District of Acadia 2017 Municipal Wildfire Assistance Program
3. Wheatland County 2017 Municipal Wildfire Assistance Program
4. Cypress County 2017 Municipal Wildfire Assistance Program

Treasury Board approved a budget of \$2.2 million for these programs. In 2018-19, more than \$307,000 in assistance was provided to the four communities.

Cost-sharing for Disaster Recovery Programs

The Government of Alberta can submit cost-sharing requests for disaster recovery program expenses to the federal government through the Disaster Financial Assistance Agreements, which allows the federal government to support recovery efforts of the provinces. The province regularly submits business cases, which provide rationale for the request, to Public Safety Canada with the intent of maximizing the province's eligible cost-sharing for disaster recovery programs.

The ministry has obtained approval from Public Safety Canada to include an additional \$220 million in disaster recovery costs for submission to Public Safety Canada. In 2018-19, the ministry submitted business cases valued at \$665 million for expenses related to the 2013 southern Alberta flood program and the 2016 Regional Municipality of Wood Buffalo program, and to date has obtained approval for \$81 million in eligible expenses. These business cases will reduce the overall fiscal impact associated with disasters by increasing federal assistance.

The ministry also continued to track and administer legacy disaster recovery programs from 2010-15. This work includes preparing programs for submission to Public Safety Canada for auditing and cost-sharing, and reviewing programs. Milestones in 2018-19 included early closure of the 2013 Northwest Alberta Disaster Recovery Program, the 2013 Town of Redcliff Disaster Recovery Program, the 2013 Smoky Lake Municipal Wildfire Assistance Program, the 2014 Municipal District of Taber Disaster Recovery Program, the 2015 South Central Alberta Disaster Recovery Program, and the 2015 Northern Alberta Disaster Recovery Program.

Disaster Recovery Program 2015 to 2017 Efficiency Comparison

Providing efficient service to Albertans is an important principle of the disaster recovery program. As a result, a third-party actuary was contracted by the ministry to provide an opinion on the expense ratios of the disaster recovery program, as compared to the Agriculture Financial Services Corporation and the general insurance industry.

The analysis found the disaster recovery program's administrative expenses between 2015 and 2017 were financially efficient, with 7.5 cents spent on administration costs per dollar of grant paid out. The ministry's expense ratio is below both the Agriculture Financial Services Corporation and the insurance industry, whose ratios are 9.1 cents and 32.7 cents, respectively.

3.5 Improve resilience within the Government of Alberta by strengthening the Government of Alberta's business continuity program.

Government of Alberta Business Continuity Program

The Government of Alberta Business Continuity Program, led by Municipal Affairs, identifies threats and risks to the government's delivery of services to its stakeholders, and the potential effects on essential services for Albertans. The development and implementation of the Government of Alberta Business Continuity Program ensures that when services are disrupted, critical services will still be maintained. It also provides a framework that determines the priorities in resuming Government of Alberta services after a business disruption.

In 2018-19, the ministry reviewed the Government of Alberta Business Continuity Plan, and an updated plan is expected to be completed in 2019.

The ministry is also responsible for assisting with the business continuity planning of other Government of Alberta ministries by performing business continuity plan reviews every two years. In 2018-19, the ministry completed four formal and three informal reviews of ministry business continuity plans.

There were 55 business continuity disruptions reported within the Government of Alberta during 2018. While most were small incidents that ministries handled with their own resources, two significant events that occurred within days of each other required the activation of the Government of Alberta Business Continuity Plan. These were a fire in the Great West Life building and a broken water main which both flooded and disrupted power to a variety of buildings in downtown Edmonton, including 44 Capital Boulevard.

The Government of Alberta Business Continuity Plan was activated to Impact Level 2 for 48 days, primarily as a result of the fire. In total, six ministries and approximately 1,500 staff were affected by the disruption.

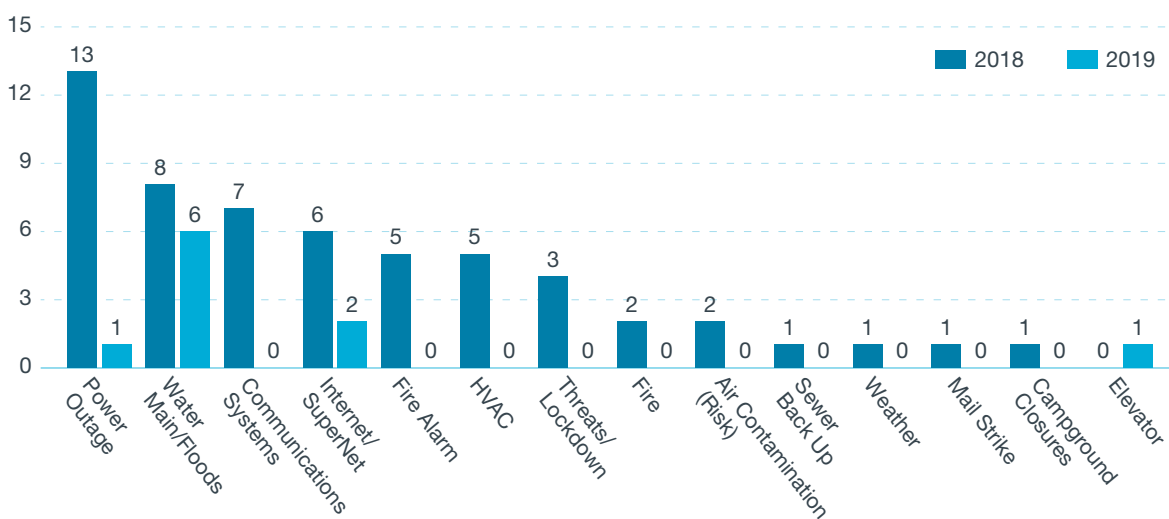
A post-incident assessment following these business continuity disruptions identified the need for better communication and collaboration during business continuity disruptions. Improvements have been made to communications and, based on this as well as other recommendations, the ministry will also clarify the roles of the Provincial Operations Centre, the Alberta Emergency Management Agency, and the Cross Government Co-ordination Team.

Emergency Management Exercise

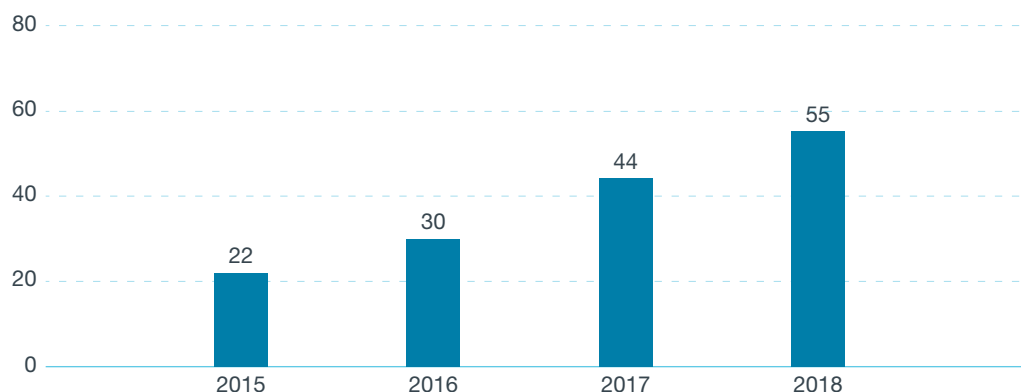
The ministry designs and delivers an annual cross-government emergency management exercise intended to prepare emergency management employees in Government of Alberta departments, Alberta Emergency Management Agency staff, and regional and federal partners for the upcoming Alberta hazard season. The 2018-19 emergency management exercise scenario was designed and conducted in collaboration with Alberta Health and held between February 27 and March 1, 2019.

The exercise scenario involved the simulation of a pandemic affecting the public and Government of Alberta personnel, with a focus on maintaining business continuity within the Government of Alberta during a long-term staffing disruption. Facilitated discussions were used to increase understanding and problem solving. The goal of the exercise was to prompt stakeholders to consider the effects of a long-term staffing disruption and the decision that would have to be made, including: prioritizing services, identifying areas where demand will surge, and making difficult leadership decisions.

Reported Business Continuity Issues, 2018 and 2019



Reported Business Continuity Issues – By Calendar Year



3.6 Ensure provincial 911 and emergency public alerting programs are in place and are able to meet future technological challenges

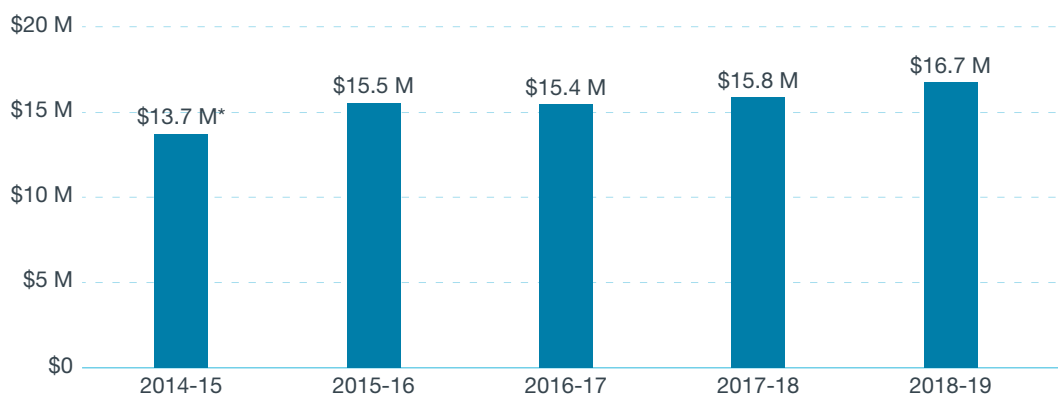
911 Grant Program

The ministry's 911 grant program plays a vital role in supporting consistent and reliable emergency services for Albertans. The program is funded through a monthly levy applied to all wireless phone bills in Alberta. In 2018-19, Municipal Affairs provided \$16.7 million in grant funding (an increase of more than five per cent over last fiscal year) to 21 911 call centres, commonly known as public safety answering points. Public safety answering points have used this grant for staffing and training costs, technological advancements, and for work required to comply with the new Alberta 911 standards.

Did you know?

Funds from Alberta's 911 levy, a \$0.44/month charge on every wireless phone bill in Alberta, are used to enhance the delivery of 911 services across the province by providing grants to public safety answering points.

911 Grant Funding, by Fiscal Year



*The monthly levy came into force in 2014 and was collected for 11 of 12 months in the 2014-15 fiscal year.

Enhancing 911

In September 2018, Municipal Affairs approved updated 911 Grant Program Guidelines. The revised guidelines will streamline the grant process and expand the eligible expenditures. Public safety answering points can now spend their funding in new ways, including implementing Next Generation 911 system upgrades, and expanded training and employee wellness programs.

Public safety answering point staff are using opportunities such as the 2019 Emergency Preparedness Week kickoff event to educate the public on when to call 911, and to explain how calls are handled.

The 911 Program also works with communities that do not have 911 service to find opportunities to extend the service into those areas. One of the difficulties in extending 911 service is that it requires communities to have street addresses or legal land descriptions, and not all communities in Alberta meet that requirement. In 2018-19, the ministry facilitated discussions with five communities and 911 service providers about establishing 911 services in these areas.

In 2018-19, the 911 Program continued to collaborate with other provinces and territories on Next Generation 911 developments. Next Generation 911 will allow digital information (e.g., text messages, and possibly photos and videos) to flow seamlessly from the public through the 911 network to public safety answering points, and then on to emergency responders. This will require infrastructure updates across Canada to improve public emergency communications services, including better accuracy for the location of calls. Highlights of this collaboration included:

- working with the Canadian Radio-television Telecommunications Commission to advance existing 911 networks and infrastructure into next generation services; and
- participating in the Canadian Next Generation 911 Coalition, a volunteer working group that advances the 911 public safety system within Canada by sharing best practices. In early 2019, this group developed answers to frequently asked questions about Next Generation 911 for public safety answering point managers, technical staff, and agencies that fund and govern local 911 services.

Alberta 911 Standards

Municipal Affairs approved Alberta's 911 standards in June 2018, making Alberta the seventh Canadian jurisdiction to enact provincial 911 standards. These standards — developed in collaboration with 911 stakeholders — will make the system more efficient, consistent, and robust. Included in the standards are:

- the development of common terminology;
- call answering and transfer protocols;
- quality assurance and performance measurements;
- business continuity planning; and
- facility and equipment design standards.

All public safety answering points have one year to comply with the 911 standards.

The ministry has begun to collect input from stakeholders on the next version of the provincial 911 standards, which include preparing public safety answering points for implementing and adopting Next Generation 911 technology. This guidance and assistance to public safety answering points will help them successfully prepare for the decommissioning of the legacy 911 networks by June 30, 2023, as mandated by the Canadian Radio-television Telecommunications Commission.

Alberta Emergency Alert

Alberta's first public warning system was created in 1992 and was the first rapid warning system of its kind to use media outlets to broadcast critical life-saving information directly to the public. The system was updated and named Alberta Emergency Alert in 2011. In 2014, a mobile application was developed to allow the public to receive critical notifications on their handheld devices.

In 2018, 97 alerts were issued, 12 of which were critical:

- 3 — high water level alerts
- 2 — wildfire alerts
- 2 — tornado alerts
- 1 — water supply alert
- 1 — overland floods alert
- 1 — AMBER alert
- 1 — interprovincial AMBER Alert
- 1 — flash flood alert

In 2018-19, there were a total of 275,003 registered mobile application users, an increase of 42 per cent from last year. Alberta Emergency Alert is active on Twitter and Facebook, and its social media followers increased in 2018-19, up five per cent from 2017-18.

Alberta Emergency Alert allows emergency management partners such as local government officials to issue alerts directly. With more people receiving alerts every year, the delivery of user training remained a priority to ensure users know how to use the system and how to create effective alert messages. In 2018-19, Alberta Emergency Alert Authorized User training sessions were held in 11 communities across the province.

In the past fiscal year, the ministry renewed the Alberta Emergency Alert mobile application with a five-year commitment to support and enhance the application using a new service provider. This will allow Albertans to continue to receive emergency alerts on their mobile phones if they have subscribed to the application. At the same time, the ministry conducted an Alberta Emergency Alert program review resulting in a five-year roadmap to make sure the alerting program remains sustainable and relevant for the near future. In the coming year, the ministry will;

- explore new ways of working with communities that issue alert messages;
- continue to work with radio and television broadcasters; and
- expand its outreach to include more public safety answering points.

At a national level, the ministry is the co-chair of the Public Alerting Awareness Working Group, a sub-group of the Senior Officials Responsible for Emergency Management organization. This group provides direct leadership and support to public safety collaboration and co-ordination across Canada, and is dedicated to advancing public alerting across Canada. The working group includes emergency management officials from all the provinces and territories and representation from Public Safety Canada.

In 2018-19, Alberta co-ordinated with other provinces and territories, through the Public Alerting Awareness Working Group, to prepare for the launch of Wireless Public Alerting across Canada. Wireless Public Alerting allows threat-to-life public safety messages requiring immediate broadcast to be sent directly to compatible smartphones in affected regions. Unlike the Alberta Emergency Alert mobile application (which requires users to opt-in by downloading the application), anyone with a compatible wireless device will receive alerts through Wireless Public Alerting. It is not possible to opt-out of

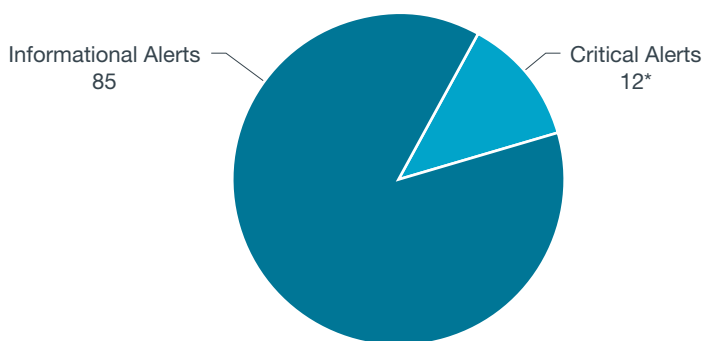
threat-to-life emergency alerts. The new alerting medium extends the reach of the provincial emergency alerting system to include notifications on radio and television broadcasts, social media, amateur radio, government-wide email, a website (www.emergencyalert.alberta.ca), road signs, and the Alberta Emergency Alert mobile application.

In May and November 2018, Wireless Public Alerting test messages were sent to Canadians with compatible wireless devices on LTE networks. Alberta is continuing to lead efforts to refine the geographic precision of Wireless Public Alerting messages.

Did you know?

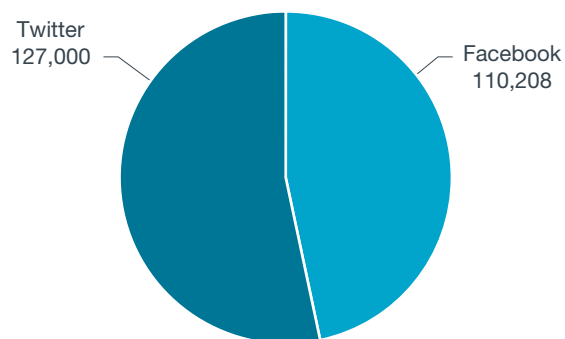
Alberta played a lead role in the expansion of the National Public Alerting Strategy to include wireless public alerting. In May and November 2018, wireless public alerting test messages were sent to Canadians with compatible wireless devices on LTE networks. Wireless public alerting allows compatible cell phones and wireless devices to receive life-saving emergency alerts.

Alberta Emergency Alerts Issued, 2018-19



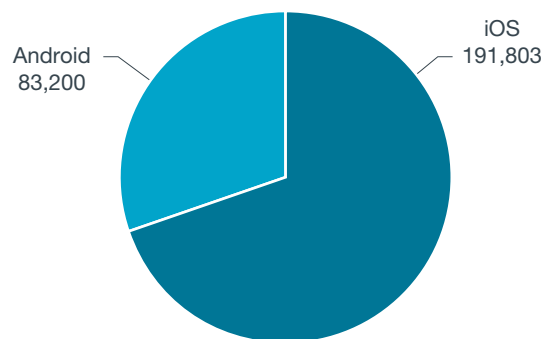
* 12 Critical Alerts includes 3 high water level, 2 wildfire, 2 tornado, 1 water supply and 1 overland flood.

Alberta Emergency Alert Social Media* Followers



* Social media followers in 2018-19 increased 5% over 2017-18.

Alberta Emergency Alerts Mobile App Users



Outcome Four: Albertans and municipalities receive fair, timely and well-reasoned decisions on matters before the ministry's quasi-judicial boards

The ministry supports four independent and impartial quasi-judicial tribunals: the Municipal Government Board, the Surface Rights Board, the Land Compensation Board, and the New Home Buyer Protection Board.

The boards are bound by legislation, the case law, and principles of natural justice, which ensures decisions are fair and based on evidence presented in hearings or submitted by the parties. Board decisions are subject to appeal and/or judicial review. In order to maintain transparency, the boards take steps to ensure all parties are provided sufficient notice of hearings, decisions are publicized on its website, and public hearings are accessible to parties in locations across Alberta. The boards endeavour to achieve impartiality by ensuring members assigned to hearings have no professional or personal ties to a matters they are hearing. Furthermore, at the beginning of each hearing, parties may object to any member being on a panel.

Municipal Government Board

The Municipal Government Board deals with the following matters under the *Municipal Government Act*:

- Annexation recommendations (where municipalities and other local authorities have competing growth requirements the board makes recommendations to the minister to reject or accept the request for annexation).
- Intermunicipal disputes (where the planning bylaws of one municipality have a detrimental effect on an adjacent municipality, the board can order the municipality to repeal or amend their bylaws).
- Sub-division appeals where provincial interests are engaged (these appeals balance individual property rights with the public interest, which includes considerations of safety and environmental protection).
- Designated industrial property assessments, which include linear assessments such as pipelines, railway and telecommunication lines, and non-linear assessments such as major industrial facilities. The cumulative value of the property under consideration in a fiscal year is measured in the billions of dollars.
- Composite assessment review board hearings for commercial and multi-residential properties. The cumulative value of the property being assessed in a given fiscal year is measured in billions of dollars and the decisions are of critical importance to the taxpayer and the municipalities that rely on that revenue.
- Equalized assessment appeals regarding provincial levies.
- Off-site levies.
- Ministerial referrals, including disaster relief appeals.

There are 60 part-time board members appointed, by Order in Council, to the Municipal Government Board.

In 2018-19, the board held hearings for three contested annexation applications and processed four uncontested applications. To give a sense of the complexity of these files, a single annexation file in 2018 had 1,362 affected parties and dealt with 20,428 acres of land. There were six intermunicipal dispute hearings, with the most significant dealing with potential costs to the taxpayer of over \$240 million. There were 43 subdivision appeals representing 45 days of hearings. Preparation for these

hearings typically requires three days of work for every day of hearing, and a further seven days after the hearing to write the decision. With respect to the composite assessment review boards, in Calgary alone, the value of the properties under dispute exceeded \$33 billion. Also in 2018-19, there were two Disaster Recovery Program appeals which resulted in recommendations to the former minister.

The board provides the training for all members of assessment review boards and clerks across the province. The initial training for members is a four-day course, with a mandatory refresher course every three years. The course for the clerks is a one-day session, with mandatory refresher training every three years. For Municipal Government Board members there is an additional orientation of 18 days, a formal mentorship program, workshops three times per year, specialized workshops for particular issues, and regularly scheduled telephone conferences. There were 19 telephone conferences in 2018-19.

In addition, the board provides specialized sub-division training for members, and a separate course to certify board members to hear designated industrial property assessment hearings, which deal with complex issues of statutory interpretation.

A significant challenge for the Municipal Government Board continues to be the recruitment and development of new board members. The complexity of the matters heard before the board and the tight deadlines for drafting and issuing decisions results in a steep learning curve for new members. For example, hearings for intermunicipal disputes and subdivision appeals must be held within 60 days of receiving an appeal, and decisions must be issued within 30 days, and 15 days, respectively, from the date the hearing is closed.

Did you know?

The Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board have near gender balance within their collective board membership, with 38 men and 35 women.

Performance Measure 4.a — Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board’s performance of services in support of planning, annexation, designated industrial property, and equalized assessment appeals

| Year | Target | Actual |
|---------|--------|--------|
| 2014-15 | 80% | 88% |
| 2015-16 | 88% | 84% |
| 2016-17 | 88% | 89% |
| 2017-18 | 88% | 88% |
| 2018-19 | 88% | 89% |

To measure the degree to which parties who appear before the Municipal Government Board are satisfied — or dissatisfied — about how they were treated, the board conducts an annual survey, which focuses on two general areas: 1) the hearing process, and 2) timeliness of the written decision.

In 2018-19, 89 per cent of those who responded indicated they were satisfied or neutral with the effectiveness of the Municipal Government Board’s appeal processes — a result that exceeds the target established by the board (88 per cent) by one per cent and three percentage points higher than the benchmark of 86 per cent, which is the historical 10-year average of results achieved.

The board scored strongest on the hearing process component of the survey. Parties were overwhelmingly satisfied that the board acted in a courteous manner (97 per cent); they were provided an opportunity to present their case (94 per cent); the hearing process was easy to understand (92 per cent); the hearing was conducted in a timely manner (91 per cent); and the hearing process was fair, unbiased, and impartial (87 per cent).

Parties were generally satisfied that the written decision was issued in a timely manner (70 per cent). The actual result of 70 per cent is 16 percentage points higher than the 2017-18 result of 54 per cent.

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

Surface Rights Board

The Surface Rights Board — established by the *Surface Rights Act* — adjudicates matters relating to pipelines and major power transmission lines, as well as the development of oil, gas, and coal, including:

- right of entry for resource activity and power transmission lines and the setting of associated compensation;
- review of annual compensation under a surface lease or compensation order;
- damages related to disputes between operators and landowners/occupants who are parties to a surface lease or right of entry order; and
- recovery of compensation where money payable under a compensation order or surface lease has not been paid and the due date for its payment has passed.

There are 13 part-time members appointed by Order in Council to the Surface Rights Board, and these members also serve on the Land Compensation Board.

Proceedings under the Surface Rights Board are not appeals — they are applications for relief to the board from landowners whose property has been affected principally by the oil and gas industry. All decisions of the Surface Rights Board are made by board members after a hearing into the merits in which both parties are entitled to be heard. While many hearings are conducted by a single member based on written submissions, where the parties request it or where there is a dispute over the evidence, an oral hearing before three board members can be scheduled. Regardless of whether the hearing is oral or written, the decision is based on the evidence presented and all decisions are in writing.

In 2018-19, the Surface Rights Board resolved the following:

- 48 — right of entry applications
- 135 — compensation applications
- 306 — compensation reviews
- 18 — damage disputes
- 1,477 — recovery of rent applications
- 47 — applications for termination orders
- 131 — applications for varying, amending and rescinding orders
- 27 — requests for board reviews

The Surface Rights Board and the Land Compensation Board provide new board members a one-day introductory course followed by 10 days of new member training. In addition, board members take a two-day course on decision-writing and are required to observe hearings before they are assigned to a panel. Ongoing professional development is also offered and includes up to three days of workshop training and more than 25 short courses on specific topics over the year. These training programs are supported by extensive written materials and manuals.

A challenge for the Surface Rights Board has been the exponential increase in applications (under Section 36 of the *Surface Rights Act*) for outstanding surface lease rental payments. When oil prices plummeted in 2015, many energy operators became insolvent and failed to make surface lease rental payments to landowners and public land occupants, resulting in a major increase in these applications. Claims for non-payment of surface lease rentals increased to a record high of 2,570 in 2016 — more than 600 per cent higher than in 2013. In 2018, the board received 2,410 applications and directed more than \$6 million in payments.

Did you know?

Mediating disputes involving Surface Rights Board and Land Compensation Board matters resulted in a 100 per cent settlement rate in 2018.

In response to the high volumes of Section 36 applications, the Surface Rights Board has taken steps to improve service delivery and processing times through the following:

- Streamlining internal processes. The average time to process a non-complex repeat application has decreased from 230 days to approximately 45 days. For new applications, the board has set a target for non-complex files to be processed within 90 days.
- Reallocating resources to triple the number of staff responding to the backlogged files.
- Posting Surface Rights Board decisions on a publically available website.
- Meeting with landowners in their communities to conduct information sessions.

Land Compensation Board

The Land Compensation Board, established by the *Expropriation Act*, conducts hearings to determine if an expropriation should proceed when there is an objection (where the expropriating authority is not the Province of Alberta or a municipality) and fixes compensation for landowners and tenants. As an expropriation is a forced taking of land, balancing the public interest with the rights of the landowner is an important decision with long-lasting consequences. The deference given to this board is illustrated by the fact their decisions are only reviewable by the Court of Appeal.

New Home Buyer Protection Board

The mandate of the New Home Buyer Protection Board is to adjudicate on appeals launched under the *New Home Buyer Protection Act*. New home buyer legislation is an addition to the existing regulatory regime at the building permit stage. No permits for new homes may be issued unless proof of coverage is in place. No homes constructed since the Act has been in place may be offered for sale, or sold, unless coverage is in place.

This board hears appeals of decisions issued by the New Home Buyer Protection Office, including:

- applications for owner-builder authorizations;
- refusal or application for exemption based on undue hardship;
- compliance orders; or
- building status determinations.

The New Home Buyer Protection Board shares resources and members with the Municipal Government Board.

Key Strategies

4.1 Deliver effective dispute resolution processes for subdivision appeals, inter-municipal disputes, annexation applications, designated industrial property complaints, and other matters.

There is a spectrum of dispute resolution processes known as alternative dispute resolutions, and these alternative processes are used by the boards to encourage efficient hearings and, potentially, settlements. Of the various processes, the most informal is case management, which involves staff contacting the parties separately, setting dates for an exchange of information (which is not mandated by legislation), and identifying the key issues between the parties. The next step is a pre-hearing conference with both parties and, finally, a formal mediation facilitated by experts in the field.

For sub-division appeals, case management is particularly effective, as many of the applicants are unrepresented and do not understand the process. For the more complex sub-division matters, telephone pre-hearing conferences are an efficient way to ensure disclosure is complete and the parties understand their respective positions. Given the timelines in which sub-division hearings must be held, mediation is often not a practical option. However, formal mediation is a required step for annexations and intermunicipal disputes. Municipal Affairs facilitates these formal mediations.

Did you know?

Municipal negotiation/mediation was successful in over 97 per cent of all annexations processed by the Municipal Government Board since 1996.

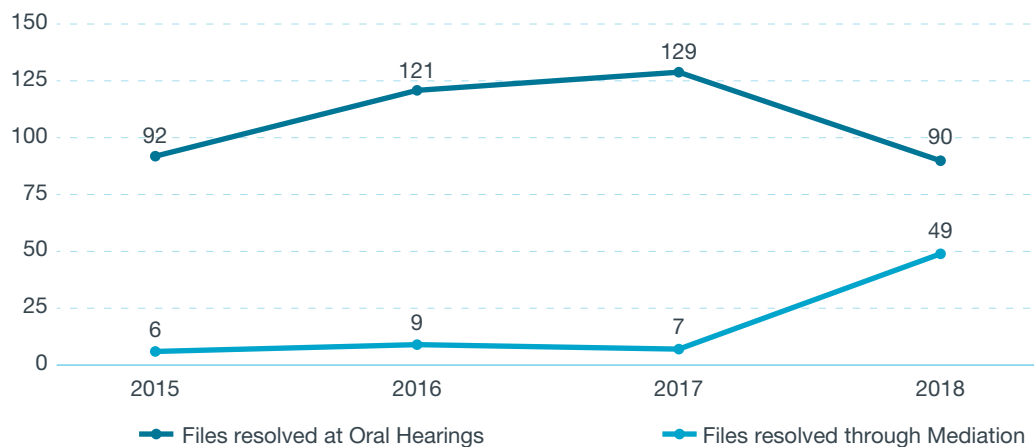
4.2 Deliver effective dispute resolution processes on compensation matters involving right of entry orders, surface leases, and land expropriations.

Since 2016, the Surface Rights Board and the Land Compensation Board have placed considerable emphasis on encouraging resolution through alternative dispute resolution. The emphasis on alternative dispute resolution processes recognizes the well-established benefits of settling disputes by agreement between the parties, rather than by the decision of a board. Alternative dispute resolution achieves solutions that are typically quicker, cheaper, more creative, confidential, and less stressful. Resolving disputes this way is particularly valuable for landowners who will have an ongoing relationship and business dealings with operators. Further, alternative dispute resolution helps people build relationships and prevents disputes from arising in the first place. Should mediation fail, the parties can always back out of the process and go to a hearing. In such cases, because of the attempted mediation, the hearings are noticeably more efficient and effective.

Formal mediation is particularly effective for compensation hearings under the *Expropriation Act* and the *Surface Rights Act*. The Land Compensation and Surface Rights Boards also make extensive use of the pre-hearing conference known as dispute resolution conferences.

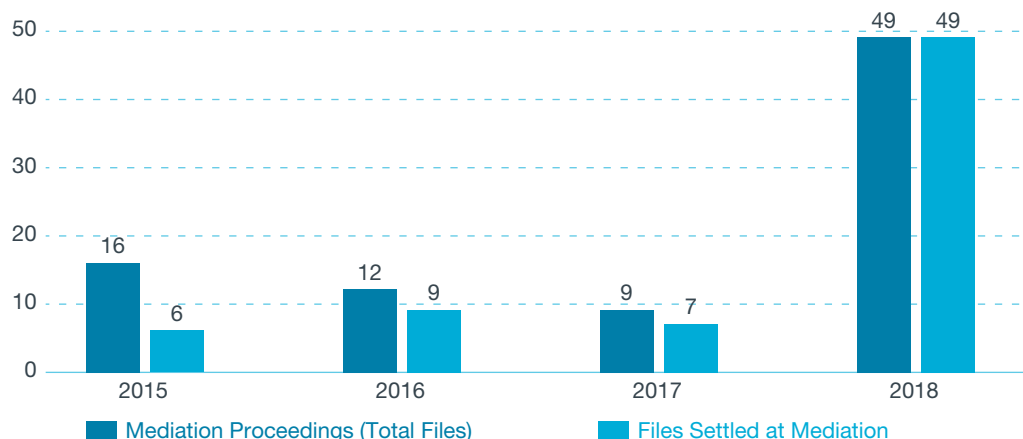
The below chart demonstrates how a renewed focus on alternative dispute resolution has reduced the number of matters that have proceeded to a Surface Rights Board hearing.

Compensation for Right of Entry Orders, Review of Rate of Compensation, Compensation for Damages



The trend towards mediated settlement for the Surface Rights Board is reflected in the following graph:

Mediation Proceedings (Total Files)/Files Settled at Mediation



For the Land Compensation Board, in 2018-19, five formal mediation sessions and 68 pre-hearing conferences resulted in settlements that cut 66 days of scheduled hearings to roughly five days.

Development of a culture of mediation among the boards is also underway. All members and staff were provided with an introductory mediation course delivered by a highly recognized expert within the Government of Alberta. Additional training will be offered to a more targeted group in 2019-20 to prepare board members and staff to contribute to the delivery of alternative dispute resolution services. In the past fiscal year, the boards retained a past board member and expert mediator to mediate, and provide ongoing training for board members and staff around expropriation files.

4.3 Deliver an effective dispute resolution process for appeals under the *New Home Buyer Protection Act*, including owner-builder authorization, compliance orders, administrative penalties, determination of building status, builder licensing, and other matters.

No appeals were filed by landowners or builders under the *New Home Buyer Protection Act* in 2018-19, attributable in part, to fewer housing starts and fewer new homes being sold. The infrastructure exists to provide such as service, when, or if, it is required.

4.4 Provide board members and support to municipal Composite Assessment Review Boards.

The Municipal Government Board oversees all Composite Assessment Review Board hearings held in the province by providing a provincial representative to act as the presiding officer. In 2018-19, the Municipal Government Board provided presiding officers to various municipalities for 821 hearing days involving 1,573 decisions at locations across the province, including Edmonton, Calgary, and Red Deer.

The board surveys the Composite Assessment Review Board clerks about their degree of satisfaction with the performance of the members sent to their municipalities.

Performance Indicator 4.a: Percentage satisfied or neutral regarding Municipal Government Board support to Municipal Composite Assessment Review Boards

| 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---------|---------|---------|---------|---------|---------|---------|---------|
| 100% | 100% | 97% | 99% | 100% | 100% | 99% | 96% |

The results show that the Composite Assessment Review Boards clerks were satisfied with the performance of the members sent to their municipality.

There were some significant amendments to the *Municipal Government Act* and its regulations that came into effect last year, which resulted in a considerable number of new concepts and requirements board members had to learn. The board continues to focus on the training and development of its members through workshops, and monthly teleconferences for members to discuss trends and issues.

4.5 Provide training and certification for Assessment Review Board members and clerks.

The Municipal Government Board continues to provide training and support for Assessment Review Board members and clerks. This training, which covers principles of property assessment and administrative law, gives municipalities the knowledge and tools to process assessment complaints fairly and in accordance with all applicable legislation. The board facilitates this training together with members who specialize in assessment administrative law matters.

To improve the efficiency and effectiveness of its training program, the Municipal Government Board delivers introductory administrative law and assessment principles training via e-learning, which improves convenience and reduces travel costs for board members and staff.

In 2018-19, 197 participants attended 14 training sessions: four courses for clerks, six courses for new board members, and four refresher courses for current board members.

4.6 Continue with the administrative amalgamation in support of the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board to reduce duplication and ensure efficiency.

A 2016 government-wide review of agencies, boards, and commissions resulted in a phased approach to administratively amalgamating the four boards (the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board), with the intent to reduce duplication, improve efficiency, and save costs.

The boards have made significant strides toward accomplishing these goals, including:

- creating a single chair position to oversee all four boards;
- eliminating the vice-chair role for the Surface Rights Board and the Land Compensation Board;
- amalgamating the organizational structure;
- integrating board members under an amalgamated administration with a common code of conduct and common remuneration policies;
- aligning administrative functions such as filing, scheduling, case management, reception, and expense processing; and
- cross-appointing board members.

As of February 22, 2018, the Designation and Transfer of Responsibility Regulation was amended to bring the administration of the Surface Rights Board and the Land Compensation Board under the responsibility of the Minister of Municipal Affairs, while maintaining the distinct mandates and legislative independence of each board.

The net costs savings resulting from the amalgamation is estimated to be more than \$600,000 in 2018-19. These costs savings are particularly noteworthy considering the significant increase in workload across all four boards.

Performance Measure and Indicator Methodology

Performance Measure 1.a:

Percentage of municipalities deemed to not be at risk based on financial and governance risk indicators

Methodology

The percentage of municipalities deemed to be not at risk is modelled by a set of calculated risk indicators, based on information collected from audited financial statements, municipal financial information returns, local government election records in the Elections Database, and ministerial actions tracked in the Action Request Tracking System.

The model assesses each municipality's risk based on 13 indicators, independently derived from the source data for each municipality. Each indicator has a defined trigger level; thus, 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 captured: 1) ministerial interventions, and 2) audit outcome.

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 multi-year ministerial process, such as the minister setting the budget for a municipality due to a budget deficiency. This is confirmed through documentation found in the Action Request Tracking System.

The 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 consist of:

- 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 within the Elections Database, and;
- on-time financial reporting, which is derived from the administrative tracking tables in the Municipal Financial Information System.

A list of these indicators, the indicator descriptions, data sources, and calculations are detailed in a data dictionary.

The percentage of municipalities deemed to be not at risk is the number of not-at-risk municipalities (“total number of municipalities included in the analysis” minus “the number of triggered municipalities”) divided by the total number of municipalities (included in the analysis) multiplied by 100.

Calculation:

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

Source

Data Collection Processes

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. The financial statements are audited by an independent auditor contracted by the municipality. The financial statements are certified by the auditors and approved by the municipal council before they are submitted 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/ Municipal Financial Information System

The Financial Information Return is a standard set of year-end reports that capture detailed financial information for each municipality in the province. A Financial Information Return form is provided by Municipal Affairs to be used by the municipality 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 Financial Information Return forms is loaded into the ministry's Municipal Financial Information System, populating the relevant tables in the system's Oracle database.

A set of manual and automated processes in 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 then receive followup phone calls and/or emails from Municipal Affairs staff, at which time the municipality may be asked to provide additional supporting documents and/or data corrections.

The Elections Database

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 found in the *Local Authorities Election Act*. Municipalities have the choice of entering the election information directly to the Elections Database or alternatively may upload the election information to the Elections Database by using pre-programmed loadable forms. The indicator — candidate to position up for election ratio — is calculated based on the election information reported by the municipalities and stored in the Elections Database.

Action Request Tracking System

The Action Request Tracking System is an internal database that tracks formal correspondence entering and leaving the Government of Alberta. This database is updated on a daily basis as correspondence is received or ministry action is required. This review process and the outcomes are tracked utilizing the system software. Should the minister issue a Ministerial Order or initiate 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 Information Management, Legislative and Administrative Services branch. 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.

Population List

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 contains municipal census population figures submitted to ministry as of September 1 of the reporting year, in accordance with Sections 57 and 604 of the *Municipal Government Act* and the Determination of Population Regulation (Alberta Regulation 63/2001). 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 completing their own census must follow mandatory requirements as specified in the Determination of Population Regulation and the Municipal Census Manual. In most instances where a municipal census was conducted, the municipal census count would supersede the federal census count.

Performance Measure 2.a: Number of safety codes delayed more than one year before coming into full force

Methodology

The ministry tracks the publication and in-force dates of codes, and is responsible for the calculations of how long it takes to bring a code from publication to in-force status. The ministry compares the in-force codes at the end of the fiscal year (March 31) to the dates the most recent editions were published. The number of codes that have not been adopted in accordance with the intent of Section 65(4) of the *Safety Codes Act* will be the resulting target/actual for the performance measure.

Source

Data for this measure comes from a combination of the following:

- the date of publication of the code, which is provided by the code's publishing body; and
- the date when the code officially comes into effect in Alberta, which, historically, is found in regulation.

Performance Indicator 2.a: Loss (in dollars) per capita, to fires in a calendar year

Methodology

Per capita loss is calculated as: $\text{Per Capita Loss} = \text{Property Loss} / \text{Population}$. Dollar amounts from previous years are not adjusted for inflation. Reporting timelines are set out in the Administrative Items Regulation for both fire safety codes officers and insurance adjusters; however, reports continue to be entered into the Fire Electronic Reporting System sometimes years after the fires occur. In addition, estimates of fire loss are updated to reflect actual claim amounts, which can increase or decrease overall fire loss. As a result, the data used to calculate the performance indicator can change depending on when the data is queried. The performance indicator is provided as of the date when Fire the Electronic Reporting System was queried and is subject to change.

Data is extracted from the Fire Electronic Reporting System using a standardized reporting script and is allocated to calendar years based on the date and time of the fire event. Fire loss reflects actual claim amounts when available, or estimates when those amounts are unavailable.

Source

Fire-Loss Data

The source of this data is the Public Safety Division's Fire Electronic Reporting System. Under Sections 8 and 9 of the Administrative Items Regulation, accredited municipalities are legislated to investigate and report dollar loss and casualty fires to the fire commissioner. An accredited municipality employs or contracts a safety codes officer in the fire discipline. Where an unaccredited municipality has a loss or casualty fire, the Office of the Fire Commissioner is the responsible entity for the fire investigation and subsequent report. Part of this report is the estimated loss value of the fire.

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 requiring 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.

Note: 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 Office of the Fire Commissioner. The fire loss figure reported to the Office of the Fire Commissioner does not include other costs that may be covered by insurance policies, such as lost revenue, temporary accommodations, or emergency travel. The figures reported include only the estimate of loss.

Population

Population figures are based on the latest municipal or federal census counts reported to the former minister as of September 1, 2017, in compliance with the Determination of Population Regulation 63/2001 under Section 604 of the *Municipal Government Act*.

Performance Measure 3.a:**Percentage of communities (municipalities, First Nations, and Metis Settlements) that have been visited by an Alberta Emergency Management Agency field officer and had their Community Emergency Management Plan reviewed annually****Methodology**

Field officers conduct formal reviews of community emergency management plans, which include a field visit and routine visits to the communities for stakeholder engagement and to ensure local authorities have the tools available to develop robust emergency management programs. Field officers conduct reviews of community emergency management plans using one of the following two methods:

1. **Communities Using the Community Emergency Management Program:** Field officers review and provide feedback electronically to the communities. Once satisfied that a community is ready for a final review, field officers will schedule a visit to review the plan in-person with the community's director of emergency management or another appropriate representative. Outstanding issues or concerns following the in-person review are tracked by the field officer for corrective action by the community.
2. **Communities Not Participating in Community Emergency Management Program:** Field officers conduct an in-person review with a representative from the local authority, preferably the director of emergency management. The information is entered into the Community Emergency Management Program by ministry staff. The following equation is used to process the data collected in Community Emergency Management Program:

$$\frac{\text{Number of communities visited by Alberta Emergency Management Agency field officers that had their Community Emergency Management Plan reviewed}}{\text{Total number of communities in Alberta}} \times 100 = \text{\% of Communities Visited}$$

This performance measure is a simple arithmetic ratio of communities that have been visited by a field officer and had the community emergency management plan reviewed, to the total number of communities in Alberta. The ratio is expressed as a percentage.

For communities that have adopted a regional approach for developing emergency management plans, field officers review the regional community emergency management plan and meet with the appropriate municipal representative for the region. A review of the community emergency management plan of a region, and the subsequent field visit, counts as a review and a visit for all constituent communities.

Source

The Community Emergency Management Program tool is used to collect all the data regarding field visits to communities conducted by ministry staff and reviews of community emergency management plans. The data is stored and maintained in the program and provides workflow management functionality for tracking corrective actions taken by a municipality. Field officers retain records from the review process to supplement the data and information entered into the program.

Performance Measure 3.b:**Percentage of residential disaster financial assistance files that have received 90 per cent of its estimated funding within 90 days of being determined eligible for Disaster Recovery Program compensation****Methodology**

When Alberta Emergency Management Agency receives a residential application for disaster financial assistance, a record is created and the data is entered into the disaster recovery program database by a data entry specialist (for this performance measure, residential applications include all homeowner and tenant applicants). A case manager works with applicants to ensure all the required documents are submitted and applicants are determined to be eligible for funding assistance following this review. The 90-day period for this measure begins once an applicant is determined to be eligible for the disaster recovery program.

Once an applicant is determined to be eligible for the disaster recovery program, the eligibility date is recorded in a centralized spreadsheet, and an evaluator is assigned to the file to assess the damage. Case managers then contact the applicant to confirm eligibility and eligible funding, and to provide information regarding the next steps. Eligible funding estimates are determined based on damage assessments conducted by evaluators and are reviewed and approved before a payment is generated.

In order to track when an eligible applicant receives 90 per cent of the estimated funding, a manual calculation is required. The data from the disaster recovery program database and the centralized spreadsheets is processed manually. The following data sets are used for reporting:

- applicant eligibility dates;
- verified payment dates; and
- cumulative payments received by applicants.

Using the data sets identified above, the percentage of eligible applicants who receive 90 per cent of estimated disaster recovery program funding within 90 calendar days of being determined eligible is manually calculated. The following equation is used to calculate the percentage:

$$\% = \frac{\text{Number of eligible residential applicants who receive 90\% of estimated funding within 90 days of being determined to be eligible}}{\text{Total eligible residential applicants in fiscal year}} \times 100$$

The timeframe for administering a disaster recovery program can be as long as five years, depending on the size and the scale of a disaster. A disaster recovery program that is not concluded within the same fiscal year it is established may result in eligible files that span two fiscal years. These files are tracked and included in the performance measure reporting for the next fiscal year. Therefore, all eligible files that have received 90 per cent of their estimated disaster financial assistance in the current fiscal year and the 90-day processing time extends into the next fiscal year will be reported in the next fiscal year.

Source

The ministry maintains separate files for every application within each disaster recovery program and the information contained in these records is entered into the disaster recovery program database by case managers and data entry specialists.

The disaster recovery program database is a proprietary case management tool used to track various stages of file processing, including payments.

In addition, three data sets (eligibility date, the 90-day period from the eligibility date, and the percentage of estimated funding received by an applicant in the 90-day period after the eligibility date) are collected and tracked in centralized spreadsheets.

Performance Measure 4.a: Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board's performance of services in support of planning, annexation, linear, and equalized assessment appeals

Methodology

This measure uses a survey each spring, of participants who appeared before the board in the preceding fiscal year. The year for the target/results reports on the actual results for hearings that took place during the previous fiscal year (e.g., the 2018-19 results reflect hearings that took place from April 1, 2017 to March 31, 2018).

Lists of participants who attended Municipal Government Board hearings are tracked in Municipal Government Board databases, and parties are asked to complete an online survey.

A five-point, anchored scale asks respondents to assess their satisfaction using the following options: strongly agree; somewhat agree; neither agree nor disagree; somewhat disagree; or strongly disagree.

A neutral response is interpreted as satisfied, given that one half of the parties appearing before the Municipal Government Board are unsuccessful.

For the survey sent in spring 2018, 274 survey requests were sent and 92 responded — for a response rate of 34 per cent.

Source

Hearing participant information, including email addresses, is obtained from the Municipal Government Board's Legal Files database and from sign-in sheets collected at the hearings. The board uses Opinio Survey software to collect data anonymously and survey reports are provided within the software.

**Performance Indicator 4.a:
Percentage satisfied or neutral regarding Municipal Government Board
support to Municipal Composite Assessment Review Boards**

Methodology

The listing of clerks who requested information or required a member from January 1 to December 31 of the previous year are compiled from the Legal Files database and emails exchanged during the year.

In May an email is sent to all clerks who contacted the Municipal Government Board asking them to complete the on-line survey. Two weeks after the first email, a reminder is sent to all Assessment Review Board clerks who did not respond.

A five-point, anchored satisfaction scale asks respondents to respond to the following options: strongly agree; somewhat agree; neither agree nor disagree; somewhat disagree; or strongly disagree. Those clerks that requested Municipal Government Board members for hearings or required support during the year, complete the survey to determine if the Municipal Government Board is fulfilling Assessment Review Board and legislation requirements and needs.

A neutral response is interpreted as satisfied, given that some hearings are cancelled and that clerks may have no further comments to make, or no further communication with Municipal Government Board staff.

Source

Assessment Review Board Clerk information is maintained on a contact spreadsheet, and hearing information is gathered from the Municipal Government Board's legal files database. The board used Opinio survey software to collect data anonymously and survey reports are generated within the software.

The indicator uses a survey that takes place in May and is completed in June to capture all Assessment Review Board clerks who requested board members as presiding officers, or contacted the Municipal Government Board for information on hearing procedures or legislation, during the preceding calendar year (e.g., the 2018 results reflect hearings that took place from January 2017 to December 2018).

Opinio produces reports from the survey responses; the reports are stored on the Government of Alberta server.

Financial Information

Consolidated Statements for the
Year Ended March 31, 2019

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Ministry of Municipal Affairs

Reporting Entity and Method of Consolidation

This financial information is prepared in accordance with the Government of Alberta's stated accounting policies, which are based on Canadian Public Sector Accounting Standards.

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The *Government Organization Act* defines a ministry as including the department and any provincial agency and crown-controlled organization for which the minister is responsible. The accounts of the Department of Municipal Affairs (*Government Organization Act*) and the Safety Codes Council (*Safety Codes Act*) are consolidated on a line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expenses, assets, and liabilities) are included in government's results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

The audited financial statements for the Safety Codes Council are included in the Ministry's annual report as per requirement of the *Safety Codes Act*.

The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, however these entities' activities are not consolidated in the financial information for the Ministry. The statement of revenues and expenses of the Improvement Districts' Trust Account are included separately in the Ministry's annual report as per requirement of the *Municipal Government Act*. The audited financial statements of the Special Areas Trust Account are also included in the Ministry's annual report as per requirement of the *Special Areas Act*.

MINISTRY OF MUNICIPAL AFFAIRS CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES

(Unaudited)

Year ended March 31, 2019

(in thousands)

| | 2019 | | 2018 | | Change from | |
|--|------------------------------------|---------------------|------------------------------------|------------------|---------------------|--|
| | Budget (Restated ¹) | Actual | Actual (Restated ¹) | Budget | 2018 Actual | |
| Revenues | | | | | | |
| Government Transfers | | | | | | |
| Federal and Other Government Grants | \$ 237,916 | \$ 268,450 | \$ 24,907 | \$ 30,534 | \$ 243,543 | |
| Premiums, Fees and Licenses | 32,829 | 38,496 | 37,834 | 5,667 | 662 | |
| Investment Income | 150 | 495 | 499 | 345 | (4) | |
| Other Revenue | 17,320 | 74,643 | 218,171 | 57,323 | (143,528) | |
| Ministry total | 288,215 | 382,084 | 281,411 | 93,869 | 100,673 | |
| Expenses - Directly Incurred | | | | | | |
| Programs | | | | | | |
| Ministry Support Services | 9,214 | 8,211 | 9,275 | (1,003) | (1,064) | |
| Municipal Services and Legislation | 11,670 | 9,364 | 9,988 | (2,306) | (624) | |
| Municipal Assessments and Grant Administration | 28,496 | 26,696 | 17,387 | (1,800) | 9,309 | |
| Municipal Sustainability Initiative | 668,000 | 663,852 | 2,007,285 | (4,148) | (1,343,433) | |
| Federal Grant Programs | 246,316 | 245,815 | 251,983 | (501) | (6,168) | |
| Grants in Place of Taxes | 58,662 | 53,486 | 42,960 | (5,176) | 10,526 | |
| Alberta Community Partnership | 18,500 | 21,370 | 24,387 | 2,870 | (3,017) | |
| Public Safety | 17,105 | 14,550 | 13,972 | (2,555) | 578 | |
| Alberta Emergency Management Agency | 33,011 | 115,195 | 51,518 | 82,184 | 63,677 | |
| Quasi-Judicial Boards | 7,204 | 6,503 | 6,899 | (701) | (396) | |
| Library Services | 36,954 | 38,071 | 49,655 | 1,117 | (11,584) | |
| Safety Codes Council | 10,821 | 14,713 | 14,431 | 3,892 | 282 | |
| 2016 Wood Buffalo Wildfire | 1,063 | 935 | 4,401 | (128) | (3,466) | |
| Municipal Cannabis Transition Program | - | 11,150 | - | 11,150 | 11,150 | |
| Ministry total | 1,147,016 | 1,229,911 | 2,504,141 | 82,895 | (1,274,230) | |
| Inter-ministry consolidation adjustments | - | (218) | (68) | (218) | (150) | |
| Adjusted ministry total | 1,147,016 | 1,229,693 | 2,504,073 | 82,677 | (1,274,380) | |
| Annual Deficit | \$ (858,801) | \$ (847,609) | \$ (2,222,662) | \$ 11,192 | \$ 1,375,053 | |

(1) GOVERNMENT RESTRUCTURING

Effective April 1, 2018, Information Technology and Freedom of Information and Protection of Privacy branches were transferred from the Ministry to the Ministry of Service Alberta (SA). Also effective April 1, 2018, the Human Resources branch was transferred to the Public Service Commission (PSC). The 2019 budget has been restated as if the current organization structure had already existed. Comparatives for 2018 have been restated as if the current organizational structure had always been the same.

| | 2018 | | | |
|----------------|---------------------------|----------|---------|-------------|
| | As Previously Reported | SA | PSC | As Restated |
| Revenues | \$ 281,626 | \$ (215) | \$ - | \$ 281,411 |
| Expenses | 2,511,442 | (5,902) | (1,399) | 2,504,141 |
| Annual Deficit | (2,229,816) | 5,687 | 1,399 | (2,222,730) |

Ministry of Municipal Affairs

Consolidated Revenues and Expenses Highlights

(Unaudited)

Year ended March 31, 2019

(in thousands)

REVENUES

Total revenue in 2018-19 was \$382,084, an increase of \$100,673 from 2017-18, and \$93,869 more than budget; this a result of higher Disaster Financial Assistance Arrangement revenue and Prior Year Refund of Expenditures.

In 2017-18, Disaster Financial Assistance Arrangement revenue was (\$211,670) as compared to \$31,129 in 2018-19, a variance of \$242,799. This variance was due to adjustments that were made to the estimated expenditures of several Disaster Recovery Programs (DRPs). Because of the uncertain nature of disaster events these amounts are not budgeted.

The variance in Other Revenue is largely due to amounts in Prior Year Refund of Expenditures. These amounts are not budgeted. The variance from the prior year was (\$149,413). This variance is largely due to reductions in the total estimated expenditures for DRPs.

EXPENSES - DIRECTLY INCURRED

In 2018-19, total expenses were \$1,229,911, a decrease of (\$1,274,230) from 2017-18, and \$82,895 more than budget.

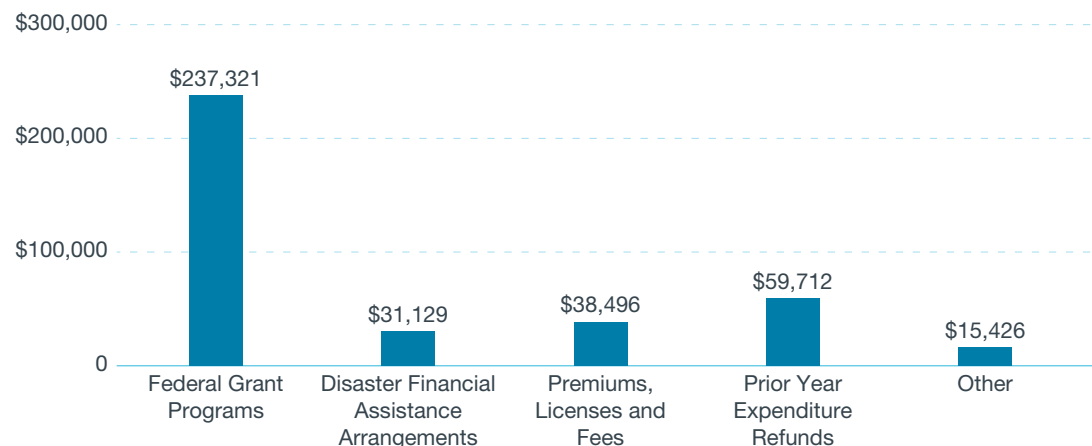
The majority of the variance from prior year pertains to the Municipal Sustainability Initiative (MSI). In March 2018, \$800,000 of the MSI capital component was re-profiled from future years, \$400,000 from 2018-19 and \$400,000 from 2019-20. In 2018-19 there was also a \$152,000 reduction to the capital budget, impacting the cities of Edmonton and Calgary. The Basic Municipal Transportation Grant (BTMG) component increased \$9,000 as it is based upon a formula that includes fuel sales in the province of Alberta.

The variance in Alberta Emergency Management Agency (AEMA) expenses is largely due to new DRPs. Due to the uncertain nature of disaster events, DRPs are not budgeted for. In 2018-19, there were 8 new events totaling \$76,044 compared to 11 new events in 2017-18 totaling \$18,670, a variance of \$57,374.

The variance in Library Services from the prior year in the amount of \$11,584 is largely due to one-time capital grants that were paid out in 2017-18. These one-time capital grants included \$10,700 for regional library system headquarters critical maintenance, and \$2,000 in support for the renovation of the Edmonton downtown Stanley Milner library building.

The Municipal Cannabis Transition Program variance of \$11,150 is due to this being a one-time program that was approved during the year after the appropriation of the original budget.

CONSOLIDATED REVENUES (ACTUAL)
For the Year Ended March 31, 2019
(Unaudited)
(in thousands)



Federal Grant Programs

- Federal Grant Programs were the largest source of Ministry revenue. These programs consisted of:

| | |
|------------------------|-------------------|
| Federal Gas Tax Fund | \$ 228,827 |
| Small Communities Fund | 8,494 |
| | <u>\$ 237,321</u> |

Disaster Financial Assistance Arrangements

- The Ministry recognizes Disaster Financial Assistance Arrangements (DFAA) revenue when the Government of Canada issues an Order in Council declaring the Alberta disaster to be of a concern to the Government of Canada. Because the accounts receivable from the Government of Canada for DFAA is based on an estimate, subsequent adjustments to the accounts receivable are reflected in the current year revenue. In 2018-19, DFAA includes an adjustment of \$31,129 as a result of changes in estimated future DRP costs.

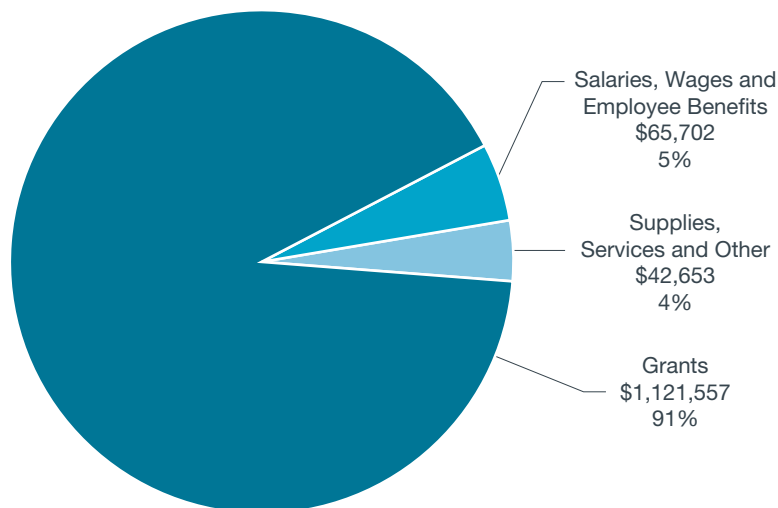
Premiums, Fees and Licenses

- The most significant sources of revenue in Premiums, Fees and Licenses are from the 911 Call Centre Program and from the Safety Codes Council.
 - The *Emergency 911 Act* established a provincial monthly 911 levy on cellphones on April 1, 2014 (\$0.44 fee per phone number per month). In 2018-19 these levies totaled \$20,431.
 - The Safety Codes Council collects operating fees from municipalities, agencies and corporations as well as certification, accreditation, appeals, and course fees. In 2018-19, fees totaled \$8,318.

Prior Year Expenditure Refunds (PYER)

- In 2018-19 the Ministry recorded \$26,125 in PYER revenue for 2016 Wood Buffalo Wildfire DRP as a result of reduced DRP expenditures. Other DRPs were reduced \$28,861 for a total DRP change of \$54,986.

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED EXPENSES - DIRECTLY INCURRED BY OBJECT (ACTUAL)
For the Year Ended March 31, 2019
(Unaudited)
(in thousands)



The Ministry's largest operating expense was grants which totalled 91% of operating expense.

The largest grant programs were as follows:

| | |
|--|--------------|
| Municipal Sustainability Initiative and Basic Municipal Transportation Grant | \$ 663,852 |
| Federal Gas Tax fund | 228,827 |
| Disaster Recovery | 68,616 |
| Grants in Place of Taxes | 53,386 |
| Library Services | 35,116 |
| Other | 71,760 |
| | \$ 1,121,557 |

DEPARTMENT OF MUNICIPAL AFFAIRS
LAPSE/ENCUMBRANCE
(UNAUDITED)
Year ended March 31, 2019
(in thousands)

| | Voted Estimate ⁽¹⁾ | Supplementary Supply ⁽²⁾ | Adjustments ⁽³⁾ | Adjusted Voted Estimate | Voted Actuals ⁽⁴⁾ | Unexpended (Over Expended) |
|---|-------------------------------|-------------------------------------|----------------------------|-------------------------|------------------------------|----------------------------|
| Program - Operating Expense | | | | | | |
| 1 Ministry Support Services | | | | | | |
| 1.1 Minister's Office | \$ 872 | \$ - | \$ - | \$ 872 | \$ 926 | \$ (54) |
| 1.2 Deputy Minister's Office | 881 | - | - | 881 | 827 | 54 |
| 1.3 Support Services | 7,191 | - | - | 7,191 | 6,386 | 805 |
| | <u>8,944</u> | <u>-</u> | <u>-</u> | <u>8,944</u> | <u>8,139</u> | <u>805</u> |
| 2 Municipal Services and Legislation | | | | | | |
| 2.1 Program Support | 1,603 | - | - | 1,603 | 1,217 | 386 |
| 2.2 Strategic Policy and Planning | 5,208 | - | - | 5,208 | 4,204 | 1,004 |
| 2.3 Municipal Capacity and Sustainability | 4,859 | - | - | 4,859 | 3,961 | 898 |
| | <u>11,670</u> | <u>-</u> | <u>-</u> | <u>11,670</u> | <u>9,382</u> | <u>2,288</u> |
| 3 Municipal Assessments and Grant Administration | | | | | | |
| 3.1 Program Support | 1,382 | - | - | 1,382 | 990 | 392 |
| 3.2 Assessment Services | 19,765 | - | - | 19,765 | 19,631 | 134 |
| 3.3 Grants and Education Property Tax | 5,642 | - | - | 5,642 | 5,730 | (88) |
| | <u>26,789</u> | <u>-</u> | <u>-</u> | <u>26,789</u> | <u>26,351</u> | <u>438</u> |
| Municipal Sustainability Initiative | | | | | | |
| 4.1 Municipal Sustainability Initiative Operating | 30,000 | (911) | - | 29,089 | 29,089 | - |
| 4.2 Municipal Sustainability Initiative Capital | 294,000 | 911 | - | 294,911 | 294,911 | - |
| 4.3 Basic Municipal Transportation Grant | 344,000 | (4,148) | - | 339,852 | 339,852 | - |
| | <u>668,000</u> | <u>(4,148)</u> | <u>-</u> | <u>663,852</u> | <u>663,852</u> | <u>-</u> |
| 5 Federal Grant Programs | | | | | | |
| 5.1 Federal Gas Tax Fund | 229,516 | 2,311 | - | 231,827 | 228,827 | 3,000 |
| 5.3 Small Communities Fund | 16,800 | 188 | - | 16,988 | 16,988 | - |
| | <u>246,316</u> | <u>2,499</u> | <u>-</u> | <u>248,815</u> | <u>245,815</u> | <u>3,000</u> |
| 6 Grants in Place of Taxes | | | | | | |
| | <u>58,662</u> | <u>-</u> | <u>-</u> | <u>58,662</u> | <u>53,486</u> | <u>5,176</u> |
| 7 Alberta Community Partnership | | | | | | |
| | <u>18,500</u> | <u>-</u> | <u>-</u> | <u>18,500</u> | <u>21,371</u> | <u>(2,871)</u> |
| 8 Public Safety | | | | | | |
| 8.1 Strategic and System Support | 3,339 | - | - | 3,339 | 3,047 | 292 |
| 8.2 Community and Technical Support | 5,380 | - | - | 5,380 | 4,866 | 514 |
| 8.3 Office of the Fire Commissioner | 4,149 | - | - | 4,149 | 3,646 | 503 |
| 8.4 Residential Protection Programs | 2,837 | - | - | 2,837 | 1,977 | 860 |
| | <u>15,705</u> | <u>-</u> | <u>-</u> | <u>15,705</u> | <u>13,536</u> | <u>2,169</u> |

DEPARTMENT OF MUNICIPAL AFFAIRS
LAPSE/ENCUMBRANCE
(UNAUDITED)
Year ended March 31, 2019
(in thousands)

(Cont'd)

| | Voted Estimate ⁽¹⁾ | Supplementary Supply ⁽²⁾ | Adjustments ⁽³⁾ | Adjusted Voted Estimate | Voted Actuals ⁽⁴⁾ | Unexpended (Over Expended) |
|---|-------------------------------|-------------------------------------|----------------------------|-------------------------|------------------------------|----------------------------|
| 9 Alberta Emergency Management Agency | | | | | | |
| 9.1 Managing Director's Office | 774 | - | - | 774 | 589 | 185 |
| 9.2 Policy and Support | 3,896 | - | - | 3,896 | 4,100 | (204) |
| 9.3 Operations | 5,785 | 4,380 | - | 10,165 | 10,211 | (46) |
| 9.4 Recovery Operations | 3,356 | - | - | 3,356 | 2,686 | 670 |
| 9.5 Disaster Recovery | 215 | 75,985 | - | 76,200 | 76,521 | (321) |
| 9.6 Emergency Preparedness Grants | 150 | - | - | 150 | 150 | - |
| | <u>14,176</u> | <u>80,365</u> | <u>-</u> | <u>94,541</u> | <u>94,257</u> | <u>284</u> |
| 10 Quasi-Judicial Boards | <u>7,204</u> | <u>-</u> | <u>-</u> | <u>7,204</u> | <u>6,532</u> | <u>672</u> |
| 11 Library Services | | | | | | |
| 11.1 Library Services Operations | 1,772 | - | - | 1,772 | 1,547 | 225 |
| 11.2 Provincial Library Network | 35,182 | 1,000 | - | 36,182 | 36,535 | (353) |
| | <u>36,954</u> | <u>1,000</u> | <u>-</u> | <u>37,954</u> | <u>38,082</u> | <u>(128)</u> |
| 13 2016 Wood Buffalo Wildfire | | | | | | |
| 13.2 2016 Wood Buffalo Wildfire - Recovery | 1,063 | 147 | - | 1,210 | 935 | 275 |
| 14 Municipal Cannabis Transition Program | | | | | | |
| 14.1 Municipal Cannabis Transition Program | - | 11,150 | - | 11,150 | 11,150 | - |
| Total | <u>\$ 1,113,983</u> | <u>\$ 91,013</u> | <u>\$ -</u> | <u>\$ 1,204,996</u> | <u>\$ 1,192,888</u> | <u>\$ 12,108</u> |
| Lapse | | | | | | <u>\$ 12,108</u> |

DEPARTMENT OF MUNICIPAL AFFAIRS
LAPSE/ENCUMBRANCE
(UNAUDITED)
Year ended March 31, 2019
(in thousands)

(Cont'd)

| | Voted Estimate ⁽¹⁾ | Supplementary Supply ⁽²⁾ | Adjustments ⁽³⁾ | Adjusted Voted Estimate | Voted Actuals ⁽⁴⁾ | Unexpended (Over Expended) |
|---|-------------------------------|-------------------------------------|----------------------------|-------------------------|------------------------------|----------------------------|
| Program - Capital Investment | | | | | | |
| 3 Municipal Assessments and Grant Administration | | | | | | |
| 3.2 Assessment Services | 3,000 | - | - | 3,000 | 213 | 2,787 |
| | 3,000 | - | - | 3,000 | 213 | 2,787 |
| 8 Public Safety | | | | | | |
| 8.3 Office of the Fire Commissioner | - | - | - | - | 440 | (440) |
| 8.4 Residential Protection Programs | 911 | - | - | 911 | 769 | 142 |
| | 911 | - | - | 911 | 1,209 | (298) |
| 9 Alberta Emergency Management Agency | | | | | | |
| 9.3 Operations | - | - | - | - | 829 | (829) |
| 9.4 Recovery Operations | 2,000 | - | - | 2,000 | 683 | 1,317 |
| | 2,000 | - | - | 2,000 | 1,512 | 488 |
| Total | \$ 5,911 | \$ - | \$ - | \$ 5,911 | \$ 2,934 | \$ 2,977 |
| Lapse | | | | | | \$ 2,977 |

| | Voted Estimate ⁽¹⁾ | Supplementary Supply ⁽²⁾ | Adjustments ⁽³⁾ | Adjusted Voted Estimate | Voted Actuals ⁽⁴⁾ | Unexpended (Over Expended) |
|--|-------------------------------|-------------------------------------|----------------------------|-------------------------|------------------------------|----------------------------|
| Financial Transactions | | | | | | |
| 12 2013 Alberta Flooding Liability Retirement | | | | | | |
| 12.1 Disaster Recovery Program - Flooding | \$ 148,595 | \$ - | \$ - | \$ 148,595 | \$ 48,297 | \$ 100,298 |
| Total | \$ 148,595 | \$ - | \$ - | \$ 148,595 | \$ 48,297 | \$ 100,298 |

(1) As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transactions Vote by Program" page 217 to page 221 of 2018-19 *Government Estimates*. These amounts have been adjusted for the transfer of Human Resources, Freedom of Information and Protection of Privacy and Information Technology branches that was effective April 1, 2018 (Order in Council No. 297/2018).

(2) Per the *Special Warrant (No. 001/2019) for Supplementary Supply* approved on March 29, 2019 (Order in Council No. 084/2019). This disclosure is made pursuant to section 30 of the *Financial Administration Act*. Details outlined below:

- (\$4,148) for Municipal Sustainability Initiative
- \$2,311 for the Federal Gas Tax Fund
- \$188 for Small Communities Fund
- \$147 for 2016 Wood Buffalo Wildfire
- \$80,365 for disaster recovery and municipal wildfire assistance programs
- \$1,000 for Provincial Library Network
- \$11,150 for Municipal Cannabis Transition

(3) Adjustments include encumbrances, capital carry over amounts, transfers between votes and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote-by-vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

MINISTRY OF MUNICIPAL AFFAIRS
PAYMENTS BASED ON AGREEMENTS
For the Year Ended March 31, 2019
(Unaudited)
(in thousands)

The Ministry has entered into agreements to deliver programs and services that are fully funded by Aboriginal Affairs and Northern Development Canada to deliver the Alberta First Nations Emergency Management Support Program.

Costs under these agreements are incurred by the Ministry under authority in Section 25 of the *Financial Administration Act*. Accounts receivable includes \$904 (2018 - \$1,287) and accounts payable includes \$54 (2017 -\$139) relating to payments under agreement.

Amounts paid and payable under agreements with program sponsors are as follows:

| | <u>2019</u> | <u>2018</u> |
|--|-----------------|-----------------|
| First Nations Emergency Management Support Program | <u>\$ 1,843</u> | <u>\$ 1,389</u> |

**MINISTRY OF MUNICIPAL AFFAIRS
DISASTER RECOVERY PROGRAM
(UNAUDITED)
Year ended March 31, 2019
(in thousands)**

The Disaster Recovery Program (DRP) is administered by the Alberta Emergency Management Agency (AEMA). AEMA is part of Alberta Municipal Affairs. Alberta Regulation 51/94 of the *Alberta Emergency Management Act* allows the province to provide disaster recovery assistance to residents, small business, agriculture operations, and provincial and municipal governments if the event meets the criteria as outlined in the regulation.

The Ministry recognizes the DRP expense when the Government of Alberta (GoA) issues an Order in Council (OIC).

The Ministry recognizes Disaster Financial Assistance Arrangements (DFAA) revenue when the Government of Canada (GoC) issues an OIC declaring the Alberta disaster to be of a concern to the GoC. The estimated DFAA revenue is determined by assessing eligible DRP expenses under the DFAA guidelines. As a result, some DRP expenses are excluded when calculating the estimated DFAA revenue. The Ministry will continue to pursue revenue from the GoC for expenses that are excluded from the estimated DFAA calculation.

The following schedule lists disasters being administered by AEMA at March 31, 2019:

| Disaster | GoC OIC | Total Projected DRP Expense ⁽¹⁾ | Expenditures to Date | Accrued Liabilities | Total Projected DFAA Revenue ^{(1) (2)} | Advances/ Payments Received ⁽³⁾ | Accounts Receivable |
|---|---------|---|-------------------------|------------------------|--|--|------------------------|
| 2008 Southern DRP | 121 | \$ 6,291 | \$ 6,291 | \$ - | \$ 488 | \$ 488 | \$ - |
| 2010 Southern Alberta DRP | 144 | 70,067 | 70,016 | 51 | 39,523 | 30,000 | 9,523 |
| 2011 Southwest Alberta DRP | 152 | 8,661 | 8,550 | 111 | 1,926 | - | 1,926 |
| 2011 Northern Alberta Flood DRP | 153 | 9,304 | 9,158 | 146 | 2,141 | - | 2,141 |
| 2011 Northwestern Alberta Flood DRP | 154 | 7,657 | 7,488 | 169 | 1,519 | - | 1,519 |
| 2011 Spring Southern Alberta DRP ⁽⁴⁾ | 160 | 21,272 | 20,983 | 289 | 7,696 | 6,000 | 1,696 |
| 2011 Northern Alberta Interface Fire DRP | 167 | 64,972 | 64,542 | 430 | 32,402 | 16,000 | 16,402 |
| 2012 Capital Region DRP | 163 | 3,068 | 3,068 | - | 69 | - | 69 |
| 2012 City of Edmonton DRP | 164 | 6,312 | 6,043 | 269 | 712 | - | 712 |
| 2013 Southern Alberta Flood DRP | 162 | 1,440,105 | 1,342,079 | 98,026 | 878,879 | 600,000 | 278,879 |
| 2013 Wood Buffalo DRP | 172 | 20,723 | 20,267 | 456 | 2,554 | - | 2,554 |
| 2014 Southwestern Alberta DRP | 181 | 22,760 | 14,394 | 8,366 | 7,668 | - | 7,668 |
| 2016 Wood Buffalo Wildfire DRP | 197 | 572,434 | 462,021 | 110,413 | 395,229 | 307,000 | 88,229 |
| Other DRPs | | 96,418 | 20,509 | 75,909 | - | - | - |
| March 31, 2019 | | \$ 2,350,044 | \$ 2,055,409 | \$ 294,635 | \$ 1,370,806 | \$ 959,488 | \$ 411,318 |
| March 31, 2018 | | \$ 2,285,788 | \$ 1,882,617 | \$ 403,171 | \$ 1,338,256 | \$ 955,464 | \$ 382,792 |

- (1) DRP expense and DFAA revenue are calculated based on management estimates (Note 2(b)). The projected DRP expenses and DFAA revenue are adjusted to reflect management's best estimate of the remaining obligations of the DRP and expected DFAA revenue.
- (2) A province or territory may request GoC disaster financial assistance when eligible expenditures exceed an established initial threshold based on the provincial or territorial population.
- (3) The GoC may provide advance payments to provincial and territorial governments as funds are expended under the provincial/territorial DRP.
- (4) In 2017-18, the total estimated DFAA revenue for 2011 Spring Southern Alberta DRP was less than the total advance provided by the GoC, resulting in a potential payable of (\$2,115) which was not included in this schedule. In 2018-19, the estimated DFAA revenue was revised, resulting in a receivable of \$1,696.

MINISTRY OF MUNICIPAL AFFAIRS
TRUST ASSETS UNDER ADMINISTRATION
For the Year Ended March 31, 2019
(Unaudited)
(in thousands)

The Ministry administers trust funds that are regulated and other 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 consolidated in the Ministry's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the accumulated surplus as disclosed in the audited financial statements of the trust funds for December 31, 2018 and December 31, 2017 were as follows:

| | 2018 | 2017 |
|--------------------------------------|-------------------|-------------------|
| Special Areas Trust Account | \$ 306,049 | \$ 295,839 |
| Improvement Districts' Trust Account | 29,301 | 21,386 |
| | <u>\$ 335,350</u> | <u>\$ 317,225</u> |

Improvement Districts' Trust Account Statements of Revenue and Expenditure (unaudited)*

For the Year Ended December 31, 2018

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| Detailed Statement of Revenue and Expenditures (unaudited)..... | 115 |

**NOTE: The unaudited financial information being presented here was derived from the December 31, 2018 financial statements of each Improvement District.*

**Improvement Districts' Trust Account
Summary Statement of Revenue and Expenditures
For the year ended December 31, 2018
(Unaudited)**

| | Improvement Districts | | | | | | | Total |
|--|-----------------------|---------------|--------------|--------------|----------------|-----------------------|--------------|---------------|
| | 4 | 9 | 12 | 13 | 24 | 25 | Kananaskis | |
| | | (Banff) | (Jasper) | (Elk Island) | (Wood Buffalo) | (Willmore Wilderness) | | |
| Assets | \$ 557,083 | \$ 15,609,239 | \$ 1,258,306 | \$ 1,013,365 | \$ 354,312 | \$ 270,422 | \$ 6,193,697 | \$ 40,573,201 |
| Liabilities | 129,804 | 5,420,146 | 799,285 | 733,512 | 314,874 | 270,422 | 1,969,932 | 11,272,568 |
| Net assets | \$ 427,279 | \$ 10,189,093 | \$ 459,021 | \$ 279,853 | \$ 39,438 | \$ - | \$ 4,223,765 | \$ 29,300,633 |
| Revenues | \$ 849,131 | \$ 3,066,343 | \$ 124,381 | \$ 73,137 | \$ 520,701 | \$ 138,275 | \$ 2,447,217 | \$ 37,752,937 |
| Expenditures | 1,119,762 | 3,424,926 | | 66,396 | 516,957 | 138,275 | 2,442,908 | 29,724,296 |
| Excess / (Deficiency) of revenue over expenditure | \$ (270,631) | \$ (358,583) | \$ 124,381 | \$ 6,741 | \$ 3,744 | \$ - | \$ 4,309 | \$ 8,028,641 |

**Improvement Districts' Trust Account
Detailed Statement of Revenue and Expenditures
For the year ended December 31, 2018
(Unaudited)**

| | Improvement Districts | | | | | | | Total |
|--|-----------------------|--------------|-----------|----------|----------|---------|--------------|---------------|
| | 4 | 9 | 12 | 13 | 24 | 25 | Kananaskis | |
| REVENUES | | | | | | | | |
| General Municipal: | | | | | | | | |
| Taxation | | | | | | | | |
| Real property | \$ 847,118 | \$ 3,844,392 | \$ 64,837 | \$ 3,673 | \$ 7,109 | \$ - | \$ 1,487,620 | \$ 11,158,308 |
| Federal grants | 202,075 | 1,195,232 | 41,310 | 23,963 | 13,967 | - | 12,306 | 1,586,084 |
| Provincial grants | - | - | - | - | - | - | 103,041 | 103,041 |
| Power and pipeline | 8,493 | 90,374 | 131,097 | 4,125 | 4,664 | - | 392,448 | 13,047,209 |
| Machinery and equipment | - | - | - | - | - | - | - | 16,879,335 |
| | 1,057,686 | 5,129,998 | 237,244 | 31,761 | 25,740 | - | 1,995,415 | 34,927,334 |
| | | | | | | | | 43,405,178 |
| Less payment of requisitions to: | | | | | | | | |
| Alberta School Foundation Fund | 474,205 | 2,483,927 | 179,936 | 19,987 | 11,210 | - | 504,205 | 7,792,878 |
| Seniors Foundation | - | 98,625 | 20,448 | - | - | - | 26,136 | 661,789 |
| Designated Industrial Property | 24 | 1,248 | 1,071 | 26 | 31 | - | 2,470 | 86,685 |
| | 474,229 | 2,583,800 | 201,455 | 20,013 | 11,241 | - | 532,811 | 8,454,667 |
| General municipal taxes | 583,457 | 2,546,198 | 35,789 | 11,748 | 14,499 | - | 1,462,604 | 30,209,531 |
| Government transfers | 250,378 | 292,541 | 75,121 | 57,262 | 505,605 | 138,275 | 271,616 | 1,673,508 |
| Penalties and costs | 6,240 | 26,682 | 5,870 | - | 343 | - | 14,733 | 54,458 |
| Interest | 8,956 | 110,550 | 7,601 | 4,127 | 254 | - | 35,013 | 240,921 |
| Utility Services | - | - | - | - | - | - | 503,767 | 503,767 |
| Other | 100 | 90,372 | - | - | - | - | 159,484 | 249,956 |
| | 849,131 | 3,066,343 | 124,381 | 73,137 | 520,701 | 138,275 | 2,447,217 | 37,839,622 |
| EXPENDITURES | | | | | | | | |
| General Municipal: | | | | | | | | |
| Administrative services | 64,772 | 282,666 | 16,015 | 994 | 752 | - | 724,011 | 1,339,880 |
| Protective services | - | 880,697 | 26,960 | - | - | - | 989,693 | 1,897,350 |
| Transportation services | - | - | - | - | - | - | 103,360 | 103,360 |
| Assessment fees | 10,875 | 30,000 | 10,800 | 8,140 | 10,600 | - | 6,918 | 77,333 |
| Grants | - | - | 60,030 | 57,262 | 505,605 | 138,275 | - | 22,518,080 |
| Recreation and cultural services | 778,922 | 1,871,362 | - | - | - | - | - | 2,650,284 |
| Utilities | 999 | 10,367 | - | - | - | - | 70,959 | 82,325 |
| Honorarium | 14,790 | 66,500 | - | - | - | - | - | 81,290 |
| Garbage collection and disposal | - | - | - | - | - | - | 377,406 | 377,406 |
| Interest | 558 | - | - | - | - | - | - | 558 |
| Amortization | - | 160,113 | - | - | - | - | - | 299,068 |
| Loss on disposal fo capital assets | 247,324 | - | - | - | - | - | 138,955 | 247,324 |
| Other expenditures | 1,522 | 123,221 | - | - | - | - | 38,524 | 163,843 |
| | 1,119,762 | 3,424,926 | 113,805 | 66,396 | 516,957 | 138,275 | 2,442,908 | 29,838,101 |
| | | | | | | | | 22,015,072 |
| Excess / (Deficiency) of revenue over expenditure | \$ (270,631) | \$ (358,583) | \$ 10,576 | \$ 6,741 | \$ 3,744 | \$ - | \$ 4,309 | \$ 8,001,521 |

Special Areas Trust Account Financial Statements (audited)

For the Year Ended December 31, 2018

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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]

[Original signed by]

Chair, Special Areas Board

Director of Finance and Administration



Independent Auditor's Report

To the Minister of Municipal Affairs and the Chair of the Special Areas Board

Report on the Financial Statements

Opinion

I have audited the financial statements of the Special Areas Trust Account (the Trust) which comprise the statement of financial position as at December 31, 2018, 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 Special Areas Trust Account as at December 31, 2018, 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.

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 23, 2019
Edmonton, Alberta

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

| | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|
| Financial Assets | | |
| Cash and cash equivalents (Note 4) | \$ 37,800,661 | \$ 31,352,073 |
| Accounts receivable (Note 5) | 3,297,702 | 3,307,118 |
| Notes receivable (Note 6) | 6,605,317 | 8,403,034 |
| Due from Province of Alberta (Note 7) | 537,549 | 4,092,804 |
| Due from Government of Canada (Note 8) | 1,432,805 | 909,585 |
| Taxes receivable (Note 9) | 1,224,130 | 471,741 |
| | <u>50,898,164</u> | <u>48,536,355</u> |
| Investments (Schedule 1) | 30,020,570 | 29,105,414 |
| Total Financial Assets | <u>80,918,734</u> | <u>77,641,769</u> |
| Liabilities | | |
| Accounts payable and accruals | 2,978,417 | 3,484,351 |
| Vacation accruals | 1,125,542 | 1,148,375 |
| Deferred revenues | 475,471 | 388,404 |
| Deferred government grant revenue (Note 10) | 306,701 | - |
| Due to Province of Alberta (Note 7) | 470,370 | 654,767 |
| | <u>5,356,501</u> | <u>5,675,897</u> |
| Long-term debt (Note 11) | 2,602,182 | 5,124,731 |
| Provision for gravel pit reclamation (Note 12) | 3,210,000 | 3,150,000 |
| Total Liabilities | <u>11,168,683</u> | <u>13,950,628</u> |
| Net Financial Assets (Schedule 3) | 69,750,051 | 63,691,141 |
| Non-financial assets | | |
| Prepaid expenses | 699,219 | 246,772 |
| Tangible capital assets (Schedule 6) | 226,588,474 | 222,792,337 |
| Inventory (Note 13) | 9,011,322 | 9,109,022 |
| Total Non-Financial Assets | <u>236,299,015</u> | <u>232,148,131</u> |
| Accumulated Surplus (Note 14) | <u>\$ 306,049,066</u> | <u>\$ 295,839,272</u> |

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | 2018 | | 2017 |
|---|-----------------------------------|------------------------------|------------------------------|
| | <u>BUDGET</u> (Note 15) | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Revenues | | | |
| Net taxes for municipal purposes (Note 16) | 30,582,000 | 32,198,179 | 30,204,532 |
| Lease revenue (Note 17) | 9,350,280 | 8,980,163 | 12,302,371 |
| Government transfers for operating (Note 18) | 5,199,751 | 7,228,365 | 6,451,977 |
| Government transfers for capital (Note 18) | 2,021,246 | 2,021,246 | 1,311,699 |
| Interest | 1,078,111 | 1,114,185 | 1,167,306 |
| Tax recovery land sales | 160,000 | 120,173 | 561,089 |
| (Loss) gain on sale of tangible capital assets | 100,000 | (330,582) | 97,687 |
| Other revenue (Note 19) | 2,535,585 | 4,395,371 | 3,146,350 |
| Total revenues | <u>51,026,973</u> | <u>55,727,100</u> | <u>55,243,011</u> |
| Expenses | | | |
| Transportation services | 20,797,409 | 21,008,364 | 30,285,823 |
| Administrative services | 5,354,869 | 5,703,807 | 5,310,911 |
| Water and sanitation services | 3,173,392 | 3,024,331 | 3,287,982 |
| Agriculture and community development | 2,868,460 | 2,603,114 | 2,634,868 |
| Recreational and cultural services | 2,439,558 | 2,171,763 | 2,258,462 |
| Protective services | 2,002,916 | 2,019,787 | 1,939,617 |
| Industrial tax transfers | 580,000 | 580,000 | 580,000 |
| Amortization | 7,861,787 | 8,406,140 | 8,086,221 |
| Total expenses (Note 20) | <u>45,078,391</u> | <u>45,517,306</u> | <u>54,383,884</u> |
| Excess of revenues over expenses | \$ 5,948,582 | \$ 10,209,794 | \$ 859,127 |
| Accumulated surplus at beginning of year | <u>295,839,272</u> | <u>295,839,272</u> | <u>294,980,145</u> |
| Accumulated surplus at end of year | <u>\$ 301,787,854</u> | <u>\$ 306,049,066</u> | <u>\$ 295,839,272</u> |

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>2018</u> | | <u>2017</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| | <u>BUDGET</u> (Note 15) | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Excess of revenue over expenses | \$ 5,948,582 | \$ 10,209,794 | \$ 859,127 |
| Acquisition of tangible capital assets | (7,622,450) | (8,739,013) | (6,333,484) |
| Construction of roads and road surfaces | (10,198,125) | (7,975,851) | (5,500,815) |
| Loss (gain) on sale of tangible capital assets | (100,000) | 330,582 | (97,687) |
| Proceeds on disposal of tangible capital assets | 1,250,000 | 1,618,475 | 1,243,659 |
| Transfers from tangible capital assets to operations | - | 2,563,530 | - |
| Amortization of tangible capital assets | 7,861,787 | 8,406,140 | 8,086,221 |
| Change in prepaid assets | - | (452,447) | (125,286) |
| Change in inventory | - | 97,700 | (2,201,364) |
| Increase (decrease) in net financial assets | (2,860,206) | 6,058,910 | (4,069,629) |
| Net financial assets, beginning of year | 63,691,141 | 63,691,141 | 67,760,770 |
| Net financial assets, end of year | \$ <u>60,830,935</u> | \$ <u>69,750,051</u> | \$ <u>63,691,141</u> |

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| Operating activities: | | |
| Excess of revenues over expenses | \$ 10,209,794 | \$ 859,127 |
| Amortization of investment premiums, less discounts | 179,162 | 283,316 |
| Loss (gain) on sale of investments | 102,167 | (34,224) |
| Amortization of tangible capital assets | 8,406,140 | 8,086,221 |
| Transfers from tangible capital assets to operations | 2,563,530 | - |
| Amortization relating to self-constructed assets | (1,821,000) | (1,713,123) |
| Loss (gain) on sale of tangible capital assets | 330,582 | (97,687) |
| Increase in provision for gravel pit reclamation | 60,000 | 613,000 |
| | <u>20,030,375</u> | <u>7,996,630</u> |
| Changes in non-cash operating items: | | |
| Prepaid assets and accounts receivable | (443,031) | 735,414 |
| Due from Province of Alberta | 3,555,255 | (3,834,692) |
| Due from Government of Canada | (523,220) | (570,746) |
| Taxes receivable | (752,389) | 232,139 |
| Accounts payable and accruals | (528,767) | 480,277 |
| Deferred revenues | 87,067 | (54,689) |
| Deferred government grant revenue | 306,701 | - |
| Due to Province of Alberta | (184,397) | (132,133) |
| Inventory | 97,700 | (2,201,364) |
| | <u>1,614,919</u> | <u>(5,345,794)</u> |
| Cash provided by operating activities | <u>21,645,294</u> | <u>2,650,836</u> |
| Capital activities: | | |
| Proceeds of sale of tangible capital assets | 1,618,475 | 1,243,659 |
| Purchase of tangible capital assets | (14,893,864) | (10,121,176) |
| Cash applied to capital activities | <u>(13,275,389)</u> | <u>(8,877,517)</u> |
| Investing activities: | | |
| Net change in notes receivable | 1,797,717 | 2,163,751 |
| Proceeds from redemption of investments | 14,931,557 | 12,020,497 |
| Purchase of investments | (16,128,042) | (12,016,186) |
| Cash provided by investing activities | <u>601,232</u> | <u>2,168,062</u> |
| Financing activities: | | |
| Long term debt repaid | (2,522,549) | (2,686,369) |
| Cash applied to financing activities | <u>(2,522,549)</u> | <u>(2,686,369)</u> |
| Increase (decrease) in cash and cash equivalents | <u>6,448,588</u> | <u>(6,744,988)</u> |
| Cash and cash equivalents at the beginning of year | <u>31,352,073</u> | <u>38,097,061</u> |
| Cash and cash equivalents at the end of year | <u>\$ 37,800,661</u> | <u>\$ 31,352,073</u> |

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

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 0.934 million acres of tax recovery land remains unsold as at December 31, 2018 (2017 - 0.938 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 (2017 - 1.575 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, 2018, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2017 - 0.012 million acres) and are not recorded in the Statement of Financial Position.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the allowance for doubtful taxes and accounts receivable, gravel inventory, gravel pit reclamation, and both current and prior years tangible capital asset historical costs and related amortization. A significant component of these tangible capital asset costs are self constructed and their cost is measured by the use of equipment rates which are approximations of actual costs incurred. Actual results could differ from management's best estimates as additional information becomes available.

(f) Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2 (g) Financial Instruments

(cont'd) Cash and cash equivalents, accounts receivable, notes receivable, taxes receivable, amounts due to/from Province of Alberta, amounts due from Government of Canada, vacation accruals and accounts payable are measured at cost.

All non-current receivables and long-term debt are a result of binding contractual agreements. The carrying value of these non-current accounts are measured at amortized cost.

The fair value of investments are disclosed on Schedule 1.

(h) Requisition over/under levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(i) Investments

Investments are valued at amortized cost adjusted for the applicable amortization of discount or premium using the effective interest method over the period to maturity. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. A write down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

(j) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

(k) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met, and reasonable estimates of the amounts can be determined.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2 (l) Non-financial Assets

(cont'd) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following year.

Inventory

Inventory is valued at the lower of cost or net replacement value. Costs for all inventory is determined by using the first-in-first-out method with the exception of parts inventory, which is valued by using the average costing method.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Tangible Capital Assets

Tangible capital assets consist of engineering structures, roads, buildings, vehicles, equipment, land, water/wastewater utilities and dams.

For the purposes of the Board, tangible capital assets having a useful life greater than one year are shown at net book value. Recognition thresholds for these assets are \$10,000 for engineered structures or third party software development and \$2,500 for all other categories. Purchased land and all other off the shelf electronic data processing equipment are all capitalized.

The Board in its provision of transportation services, undertakes using its own forces, a significant amount of construction activity consisting of road building and road resurfacing. These activities are considered to be capital in nature as they result in the construction of tangible capital assets. Thus the expenditures made for direct manpower, materials and indirect equipment costs relating to these activities are removed from operational expenditures to reflect the capital component of the assets being self-constructed. An hourly equipment rate is used to estimate the actual indirect equipment cost, including amortization, and is the basis for allocating these costs to the road construction projects. Annually, the total estimated equipment costs included in the road construction projects is compared to actual equipment costs incurred.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2 (l) Non-financial Assets

(cont'd) Tangible capital assets are recorded at cost, net of asset disposals, write-downs and amortization.

The cost of tangible capital assets shown on the statement of financial position is amortized to estimated salvage value in a manner that reflects the consumption of their future economic benefits at the following rates (rates and values expressed as a percentage of original cost):

| | <u>Annual Amortization</u> | | | Estimated Salvage Value |
|----------------------------|----------------------------|---------------|--------------------------|-------------------------------|
| | Year 1 | Year 2 | Year 3 and Thereafter | |
| | % | % | % | |
| Mobile equipment | 5.00 | 5.00 | 5.00 | 5.00 |
| Engineered structures | 2.50 | 2.50 | 2.50 | 2.50 |
| Automotive equipment | 20.00 | 15.00 | 10.00 | 10.00 |
| Machinery and equip. | 6.67 | 6.67 | 6.67 | 6.67 |
| Electronic data processing | | | | |
| - Hardware | 40.00 | 30.00 | 20.00 | 0.00 |
| - Software | 25.00 | 25.00 | 25.00 | 0.00 |
| Road infrastructure | 0.25 to 10.00 | 0.25 to 10.00 | 0.25 to 10.00 | 30.00 to 90.00 |

Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure buildings and engineered structure assets.

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 3 Changes in accounting policies

The Public Sector Accounting Board has issued the following accounting standards:

- (a) PS2200 Related Party Disclosure and PS3420 Inter-Entity Transactions
(effective April 1, 2017)
- (b) PS3210 Assets, PS3320 Contingent Assets, and PS3380 Contractual Rights
(effective April 1, 2017)

Management has assessed the impact of PS2200, PS3420, PS3210, PS3220, and PS3380 and determined that there is no effect on the financial statements.

Note 4 Cash and cash equivalents

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high-quality, short-term securities with a maximum term to maturity of three years. As at December 31, 2018, the Board's portfolio of securities held by the Fund have a time weighted return of of 1.65% per annum (2017 - 0.92%) per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 5 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$710,270 (2017 - \$577,878), are comprised of the following:

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Current: | | |
| From sale of tax recovery land and related mineral surface leases | \$ 306,560 | \$ 314,784 |
| Accrued interest | 36,559 | 45,342 |
| | <u>343,119</u> | <u>360,126</u> |
| Oil well drilling | 451,217 | 187,483 |
| Leases | 327,644 | 205,301 |
| Parks permit receivable | 253,858 | 136,498 |
| Accrued interest on investments | 81,638 | 78,484 |
| Local improvement recoveries | 67,691 | 73,291 |
| Sheerness deadfish irrigation | 36,560 | 43,723 |
| Agreement for sale of fixed assets | - | 80,401 |
| Miscellaneous | 163,707 | 127,649 |
| | <u>\$ 1,725,434</u> | <u>\$ 1,292,956</u> |
| Non-current: | | |
| From sale of tax recovery land and related mineral surface leases | \$ 1,447,126 | \$ 1,849,534 |
| Local improvement recoveries | 124,834 | 164,045 |
| Other | 308 | 583 |
| | <u>\$ 1,572,268</u> | <u>\$ 2,014,162</u> |
| | <u>\$ 3,297,702</u> | <u>\$ 3,307,118</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, 2018

Note 6 Notes Receivable

Notes receivable are comprised of the following:

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Current: | | |
| Acadia Foundation | \$ 1,740,813 | \$ 2,595,087 |
| Acadia Foundation - accrued interest | 3,631 | 10,022 |
| | <u>1,744,444</u> | <u>2,605,109</u> |
| Special Areas & Oyen Development Corporation | 2,339,721 | - |
| Big Country Waste Management Commission | 207,622 | 203,284 |
| Association of Consort & District Seniors Centre | 111,000 | 40,550 |
| Neutral Hills Child Care Society | 86,895 | 71,319 |
| Other | 9,729 | 23,236 |
| | <u>\$ 4,499,411</u> | <u>\$ 2,943,498</u> |
| Non-current: | | |
| Acadia Foundation | \$ 750,797 | \$ 3,600,224 |
| Big Country Waste Management Commission | 649,829 | 857,451 |
| Association of Consort & District Seniors Centre | 500,000 | 770,450 |
| Neutral Hills Child Care Society | 163,105 | 178,681 |
| Other | 42,175 | 52,730 |
| | <u>\$ 2,105,906</u> | <u>\$ 5,459,536</u> |
| | <u>\$ 6,605,317</u> | <u>\$ 8,403,034</u> |

The Acadia Foundation loan is a result of the Board entering into a memorandum of understanding with the other municipal members of the Acadia Foundation to borrow on behalf of the Acadia Foundation from the Alberta Capital Finance Authority. These funds were advanced to the Acadia Foundation for the construction and renovation of the seniors lodges in Oyen, Consort and Hanna. Repayment is based on the issuance of unsecured interest bearing promissory notes of either 10 or 25 year terms with respective interest rates ranging from 3.14% to 5.00% (2017 - 3.14% to 5.00%). Semi-annual payments totaling \$3,889,564 (2017 - \$2,859,730) were made in June and December that effectively paid off all four 25-year loans as well as the first of the four 10-year loans. Interest revenue recognized as a result of this loan in 2018 was \$179,473 (2017 - \$295,333).

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-purposed and upgrade the industrial railyard in Oyen. Repayment terms are yet to be determined.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 6 Notes Receivable

(cont'd) The Big Country Waste Management Commission note is a result of the Board entering into a memorandum of understanding to advance funds to complete a new landfill cell construction at Youngstown. Repayment is based on the issuance of an unsecured interest bearing note of a 5 year term at 2.1347% interest.

The Neutral Hills Child Care Society note is a result of the Board entering into a memorandum of understanding to advance funds to complete a new daycare building in Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 15 year term at 3.00% interest.

The amount owed by the Association of Consort & District Seniors Centre is a result of the Board entering into a memorandum of understanding to advance funds to complete a new community centre at Consort. Repayment terms are yet to be determined.

Principal repayments on long-term receivable are estimated as follows:

| | |
|------------|---------------------|
| 2019 | 4,499,411 |
| 2020 | 832,739 |
| 2021 | 426,144 |
| 2022 | 261,792 |
| 2023 | 41,194 |
| Thereafter | <u>544,037</u> |
| | <u>\$ 6,605,317</u> |

Note 7 Due from (to) Province of Alberta

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

| | 2018 | 2017 |
|-----------------------------------|------------------|---------------------|
| Due from Province of Alberta: | | |
| Municipal Affairs | \$ 472,299 | \$ 809,132 |
| Transportation | 47,963 | 2,489,483 |
| Environment and Parks | 17,287 | 72,609 |
| Service Alberta | - | 721,580 |
| | <u>537,549</u> | <u>4,092,804</u> |
| Due to Province of Alberta: | | |
| Environment and Parks | (410,685) | (536,679) |
| Other | (59,685) | (118,088) |
| | <u>(470,370)</u> | <u>(654,767)</u> |
| Due from Province of Alberta, net | <u>\$ 67,179</u> | <u>\$ 3,438,037</u> |

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 8 Due from Government of Canada

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|-------------------|
| Department of Defence | \$ 1,410,763 | \$ 678,828 |
| Infrastructure - Small Communities Fund | <u>22,042</u> | <u>230,757</u> |
| | <u>\$ 1,432,805</u> | <u>\$ 909,585</u> |

Note 9 Taxes Receivable

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|---------------------|--------------------|
| Current taxes | \$ 1,073,679 | \$ 1,260,509 |
| Under levy | 100,467 | 29,660 |
| Tax arrears | <u>88,949</u> | <u>247,945</u> |
| | 1,263,095 | 1,538,114 |
| Less allowance for doubtful accounts: | <u>(38,965)</u> | <u>(1,066,373)</u> |
| | <u>\$ 1,224,130</u> | <u>\$ 471,741</u> |

Note 10 Deferred Government Grant Revenue

| | <u>2018</u> | <u>2017</u> |
|-------------------|-------------------|-------------|
| Municipal Affairs | <u>\$ 306,701</u> | <u>\$ -</u> |
| | <u>\$ 306,701</u> | <u>\$ -</u> |

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11 Long-Term Debt

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|---------------------|
| Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$263,223, including fixed interest at 4.39%, fully repaid during the year | \$ - | \$ 257,575 |
| Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$251,377, including fixed interest at 4.01%, fully repaid during the year | - | 488,021 |
| Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$493,631, including fixed interest at 3.34%, due December 2019 | 963,042 | 1,894,670 |
| Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$298,660, including fixed interest at 3.51%, due June 2020 | 865,393 | 1,417,705 |
| Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021 | 773,747 | 1,066,760 |
| | <u>2,602,182</u> | <u>5,124,731</u> |
| Less: current portion | <u>1,837,218</u> | <u>2,522,549</u> |
| | <u>\$ 764,964</u> | <u>\$ 2,602,182</u> |

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11 Long-Term Debt

(cont'd) Principal repayments on long-term debt in each of the next three years are estimated as follows:

| | |
|------|---------------------|
| 2019 | 1,837,218 |
| 2020 | 605,356 |
| 2021 | <u>159,608</u> |
| | <u>\$ 2,602,182</u> |

Interest on long-term debt for 2018 amounted to \$148,296 (2017 - \$247,384).

The total cash payments for interest in 2018 were \$152,238 (2017 - \$251,642).

Note 12 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 2018 it was estimated that 881,831 cubic meters (2017 - 878,768 cubic meters) of gravel pits were exposed for a total liability of \$3,210,000 (2017 - \$3,150,000).

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 13 Inventory

| | 2018 | | | 2017 |
|---------------------|---------------------|-------------------------------|---------------------|---------------------|
| | Cost | Allowance for obsolescence | Net Book Value | Net Book Value |
| Inventory: | | | | |
| Parts | \$ 1,644,310 | \$ 29,536 | \$ 1,614,774 | \$ 1,700,461 |
| Gravel | 6,816,162 | - | 6,816,162 | 6,919,500 |
| Culverts | 117,748 | - | 117,748 | 112,723 |
| Fuel | 172,739 | - | 172,739 | 209,717 |
| Fencing | 143,320 | - | 143,320 | 71,881 |
| Chemicals and other | 146,579 | - | 146,579 | 94,740 |
| Inventory | <u>\$ 9,040,858</u> | <u>\$ 29,536</u> | <u>\$ 9,011,322</u> | <u>\$ 9,109,022</u> |

Note 14 Accumulated Surplus

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

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Equity in tangible capital assets | \$226,588,474 | \$ 222,792,337 |
| Equity in inventory | 9,011,322 | 9,109,022 |
| Unrestricted operational surplus | 15,451,081 | 9,047,816 |
| Internally Restricted Accumulated Surplus | | |
| Tax Recovery Land Sales | <u>54,998,189</u> | <u>54,890,097</u> |
| Total Accumulated Surplus (Schedule 4) | <u>\$306,049,066</u> | <u>\$295,839,272</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.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 15 Budget

The 2018 municipal budget was adopted by the Board in December 2017 and approved by the Minister of Municipal Affairs in April 2018. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

| | <u>2018</u> | | <u>2017</u> |
|--|-----------------------|---------------------|-----------------------|
| | Budgeted | Actual | Actual |
| Excess of revenues over expenses | \$ 5,948,582 | \$ 10,209,794 | \$ 859,127 |
| Acquisition of tangible capital assets | (7,622,450) | (8,739,013) | (6,333,484) |
| Construction of road and road surfaces | (10,198,125) | (7,975,851) | (5,500,815) |
| Loss (gain) on sale of tangible capital assets | (100,000) | 330,582 | (97,687) |
| Proceeds on disposal of tangible capital assets | 1,250,000 | 1,618,475 | 1,243,659 |
| Amortization of tangible capital assets | 7,861,787 | 8,406,140 | 8,086,221 |
| | <u>(2,860,206)</u> | <u>3,850,127</u> | <u>(1,742,979)</u> |
| Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4) | - | (108,092) | (512,717) |
| Surplus (deficit), as per budget | <u>\$ (2,860,206)</u> | <u>\$ 3,742,035</u> | <u>\$ (2,255,696)</u> |

Note 16 Taxation

| | <u>2018</u> | | <u>2017</u> |
|-------------------------------------|----------------------|----------------------|----------------------|
| | Budgeted | Actual | Actual |
| Power and pipeline | \$ 34,424,239 | \$ 33,992,050 | \$ 33,444,686 |
| Real property | 12,965,444 | 12,848,294 | 12,852,184 |
| Grazing and cultivation | 738,695 | 719,122 | 738,695 |
| Penalties and costs on taxes | 300,000 | 459,260 | 276,640 |
| | <u>48,428,378</u> | <u>48,018,726</u> | <u>47,312,205</u> |
| Less amounts expended by transfers: | | | |
| Alberta School Foundation Fund | \$ 12,890,303 | \$ 11,449,677 | \$ 12,168,895 |
| Seniors Foundation | 3,956,075 | 2,908,360 | 3,956,075 |
| Bad Debt | 1,000,000 | 1,462,510 | 982,703 |
| | <u>\$ 17,846,378</u> | <u>\$ 15,820,547</u> | <u>\$ 17,107,673</u> |
| Net taxes for municipal purposes | <u>\$ 30,582,000</u> | <u>\$ 32,198,179</u> | <u>\$ 30,204,532</u> |

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 17 Lease Revenue

| | <u>2018</u> | | <u>2017</u> |
|------------------------|---------------------|---------------------|----------------------|
| | Budgeted | Actual | Actual |
| Equipment rentals | \$ 2,239,900 | \$ 1,911,646 | \$ 5,456,839 |
| Mineral surface leases | 3,300,000 | 3,251,511 | 3,307,052 |
| Grazing leases | 2,111,000 | 2,098,139 | 1,846,974 |
| Community pastures | 752,400 | 695,526 | 724,131 |
| Cultivation leases | 395,000 | 398,610 | 401,331 |
| Easements | 100,000 | 212,790 | 140,657 |
| Miscellaneous leases | 125,000 | 123,537 | 123,073 |
| Rights of entry | 100,000 | 94,904 | 94,903 |
| Other | 226,980 | 193,500 | 207,411 |
| | <u>\$ 9,350,280</u> | <u>\$ 8,980,163</u> | <u>\$ 12,302,371</u> |

Note 18 Government Transfers

| | <u>2018</u> | | <u>2017</u> |
|--------------------------|---------------------|---------------------|---------------------|
| | Budgeted | Actual | Actual |
| Transfers for operating: | | | |
| Municipal Affairs | \$ 2,178,754 | \$ 3,824,143 | \$ 3,059,422 |
| Transportation | 1,551,720 | 1,551,720 | 1,551,720 |
| Government of Canada | 235,851 | 964,097 | 1,056,603 |
| Agriculture and Forestry | 499,495 | 499,495 | 500,266 |
| Human Services | 276,931 | 183,871 | 177,362 |
| Infrastructure | 207,000 | 83,549 | 106,604 |
| Culture and Tourism | 250,000 | 121,490 | - |
| | <u>\$ 5,199,751</u> | <u>\$ 7,228,365</u> | <u>\$ 6,451,977</u> |
| Transfers for capital: | | | |
| Municipal Affairs | \$ 2,021,246 | \$ 2,021,246 | \$ 1,311,699 |

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 19 Other Revenue

| | 2018 | | 2017 |
|--|---------------------|---------------------|---------------------|
| | Budgeted | Actual | Actual |
| Oil well drilling tax revenue | \$ 500,000 | \$ 2,245,453 | \$ 1,197,402 |
| Park permits and concession revenues | 641,000 | 699,755 | 635,755 |
| Licence, assignment and application fees | 396,000 | 438,010 | 412,973 |
| Water sales | 310,000 | 283,678 | 302,968 |
| Fire cost recoveries | 100,000 | 107,969 | 107,666 |
| Gravel sales | 160,000 | 94,143 | 97,387 |
| Bylaw enforcement cost recoveries | 55,000 | 121,746 | 57,933 |
| Cost recoveries | 46,085 | 27,154 | 43,350 |
| Other | 327,500 | 377,463 | 290,916 |
| | <u>\$ 2,535,585</u> | <u>\$ 4,395,371</u> | <u>\$ 3,146,350</u> |

Note 20 Total Expenses

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

| | 2018 | | 2017 |
|--|----------------------|----------------------|----------------------|
| | Budgeted | Actual | Actual |
| Manpower (Schedule 2) | \$ 19,208,328 | \$ 18,078,368 | \$ 18,285,822 |
| Materials, goods, and utilities | 15,365,884 | 16,153,338 | 15,353,491 |
| Contract and general services | 8,884,667 | 7,614,735 | 14,696,442 |
| Amortization of tangible capital assets | 7,861,787 | 8,406,140 | 8,086,221 |
| Grants | 2,503,612 | 1,672,481 | 1,708,761 |
| Industrial tax transfers | 580,000 | 580,000 | 580,000 |
| Interest on long-term debt | 152,238 | 148,296 | 247,384 |
| Goods and services from Alberta Government departments | | | |
| Alberta Environment | 250,000 | 136,142 | 235,063 |
| Alberta Treasury Board & Finance | 315,000 | 320,967 | 304,859 |
| Alberta Municipal Affairs | 135,000 | 129,657 | 19,357 |
| Provision for doubtful accounts | 20,000 | 253,033 | 367,299 |
| Less: | | | |
| Internal road projects capitalized in the year | (10,198,125) | (7,975,851) | (5,500,815) |
| | <u>\$ 45,078,391</u> | <u>\$ 45,517,306</u> | <u>\$ 54,383,884</u> |

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 20 Total Expenses

(cont'd) Included in manpower, materials, goods and utilities and contract and general services, are \$6,207,158 of expenses (2017 - \$14,844,207), that were incurred in the normal course of road construction and road surfacing work performed on secondary highways that are the property of the Department of Transportation.

Note 21 Debt Limits

Section 276(2) of *the Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Board be disclosed as follows:

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|----------------------|----------------------|
| Total debt limit | \$ 80,558,781 | \$ 80,896,968 |
| Total debt | <u>2,602,182</u> | <u>5,124,731</u> |
| Amount of debt limit unused | <u>\$ 77,956,599</u> | <u>\$ 75,772,237</u> |
| Debt servicing limit | \$ 13,426,464 | \$ 13,482,828 |
| Debt servicing | <u>1,908,809</u> | <u>2,674,787</u> |
| Amount of debt servicing limit unused | <u>\$ 11,517,655</u> | <u>\$ 10,808,041</u> |

The debt limit is calculated at 1.5 times revenue of the Board (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitation requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Board. Rather, the financial statements must be interpreted as a whole.

Note 22 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 20.

Grants provided by the Province of Alberta are disclosed in Note 18 and the amounts outstanding at the end of the year are disclosed in Note 7.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 23 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. The Board's contribution to the PSPP is 11.70% up to the CPP threshold of \$52,500, and 16.72% thereafter. The Board's contribution to the MEPP is 21.85% up to the Salary Cap of \$138,500.

Total current contributions by the Board in 2018 to the PSPP were \$861,246 (2017 - \$972,978) and to the MEPP were \$181,534 (2017 - \$185,309).

At December 31, 2017, the PSPP reported a surplus of \$1,275,843,000 (2016 surplus - \$302,975,000) and the MEPP reported a surplus of \$866,006,000 (2016 surplus - \$402,033,000).

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

Note 24 Comparative Figures

Certain 2017 figures have been reclassified to conform to 2018 presentation.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2018

| | 2018 | | | | 2017 | | |
|--|----------------------|-------------------------|--------------------|---------------|---------------|---------------|---------------|
| | Stated Interest Rate | Effective Interest Rate | Maturity Date | Par Value | Fair Value | Book Value | Book Value |
| Bonds: | | | | | | | |
| Bank of Montreal | 2.890% | 2.890% | June 20, 2023 | \$ 800,000 | \$ 799,560 | \$ 800,009 | - |
| Bank of Montreal | 2.430% | 2.435% | March 4, 2019 | \$ - | \$ - | \$ - | \$ 740,020 |
| Bank of Nova Scotia | 2.462% | 2.462% | March 14, 2019 | - | - | - | 500,000 |
| Canada Housing Trust | 1.950% | 1.629% | June 15, 2019 | - | - | - | 3,323,622 |
| Canada Housing Trust | 2.000% | 1.681% | December 15, 2019 | - | - | - | 985,997 |
| Canada Housing Trust | 3.750% | 1.865% | March 15, 2020 | 2,070,000 | 2,115,254 | 2,120,966 | - |
| Canada Housing Trust | 3.750% | 1.207% | March 15, 2020 | - | - | - | 654,187 |
| Canada Housing Trust | 1.200% | 1.114% | June 15, 2020 | 650,000 | 643,391 | 650,798 | 651,340 |
| Canada Housing Trust | 1.450% | 2.150% | June 15, 2020 | 2,465,000 | 2,448,683 | 2,449,758 | - |
| Canada Housing Trust | 1.450% | 1.278% | June 15, 2020 | - | - | - | 743,062 |
| Canada Housing Trust | 1.250% | 1.153% | December 15, 2020 | 1,250,000 | 1,232,747 | 1,248,802 | 1,248,205 |
| Canada Housing Trust | 3.350% | 2.090% | December 15, 2020 | 2,085,000 | 2,139,460 | 2,154,163 | - |
| Canada Housing Trust | 3.350% | 1.073% | December 15, 2020 | - | - | - | 987,221 |
| Canada Housing Trust | 1.250% | 1.025% | June 15, 2021 | 1,840,000 | 1,805,418 | 1,849,901 | 1,853,854 |
| Canada Housing Trust | 3.800% | 1.371% | June 15, 2021 | 715,000 | 744,870 | 756,708 | 773,296 |
| Canada Housing Trust | 1.500% | 1.522% | December 15, 2021 | 1,198,000 | 1,177,413 | 1,196,639 | 1,196,195 |
| Canada Housing Trust | 2.650% | 1.386% | March 15, 2022 | 795,000 | 807,575 | 827,316 | - |
| Canada Housing Trust | 1.750% | 2.314% | June 15, 2022 | 3,063,000 | 3,019,318 | 3,048,365 | 1,874,412 |
| Canada Housing Trust | 1.750% | 1.564% | June 15, 2022 | - | - | - | 3,296,194 |
| Canada Housing Trust | 2.400% | 2.373% | December 15, 2022 | 2,782,000 | 2,799,981 | 2,792,833 | - |
| Canada Housing Trust | 2.400% | 2.008% | December 15, 2022 | - | - | - | 749,499 |
| Canada Housing Trust | 2.350% | 2.731% | September 15, 2023 | 460,000 | 461,343 | 452,673 | - |
| Canada Housing Trust | 3.150% | 2.561% | September 15, 2023 | 1,010,000 | 1,048,708 | 1,037,077 | - |
| Canada Housing Trust | 2.550% | 2.406% | December 15, 2023 | 1,000,000 | 1,011,158 | 1,006,673 | - |
| Canadian Imperial Bank of Commerce | 2.900% | 2.901% | September 14, 2021 | 500,000 | 501,670 | 500,010 | - |
| CPP Investment Board | 1.400% | 1.440% | June 4, 2020 | 1,500,000 | 1,486,756 | 1,499,176 | 1,498,617 |
| Government of Canada | 3.500% | 1.027% | June 1, 2020 | 482,000 | 493,140 | 498,699 | 510,339 |
| Government of Canada | 3.140% | 0.737% | June 1, 2021 | 200,000 | 206,495 | 211,990 | - |
| Government of Canada | 3.250% | 0.737% | June 1, 2021 | - | - | - | 867,555 |
| Province of Manitoba | 2.550% | 2.567% | June 2, 2023 | 2,000,000 | 2,006,463 | 1,998,666 | - |
| Province of Ontario | 4.400% | 1.630% | June 2, 2019 | - | - | - | 3,370,168 |
| Province of Ontario | 4.400% | 1.630% | June 2, 2019 | 520,000 | 525,460 | 525,968 | - |
| Province of Ontario | 2.100% | 2.132% | September 8, 2019 | - | - | - | 1,711,676 |
| Province of Ontario | 3.150% | 2.573% | June 2, 2022 | 730,000 | 749,476 | 744,775 | - |
| Province of Ontario | 2.990% | 2.155% | December 6, 2024 | 760,000 | 761,776 | 764,776 | 769,803 |
| Royal Bank of Canada | 2.447% | 2.447% | April 2, 2019 | - | - | - | 800,000 |
| TD Bank | 1.994% | 2.586% | March 23, 2022 | 900,000 | 878,560 | 883,677 | - |
| | | | | 29,775,000 | 29,065,117 | 30,020,418 | 29,105,262 |
| Hanna and District Medical Corporation | | | (2 Shares) | 2 | 2 | 2 | 2 |
| Alberta Capital Finance Authority | | | (15 Shares) | 150 | 150 | 150 | 150 |
| | | | | \$ 29,775,152 | \$ 29,065,269 | \$ 30,020,570 | \$ 29,105,414 |

Notes:

- The Board, as part of its operations, carries these financial instruments. It is management's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments.
- The Board does not hold equities in an active market nor engage in derivative contracts or foreign currency transactions.

Schedule 2

**SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | 2018 | | | | 2017 | |
|--|------------------------------|------------------|----------------------------------|--------------------------------------|--------------------------|---------------|
| | Number of Individuals (a) | Salary (b) \$ | Other Cash Benefits (c) \$ | Other Non-cash Benefits (d) \$ | Number of Individuals | Total |
| Chair of the Special Areas Board (e) | 1 | 143,985 | - | \$31,777 | 1 | \$ 176,461 |
| Special Areas Board members | 3 | 22,565 | - | 1,890 | 3 | 37,296 |
| Director of Finance and Administration | 1 | 133,318 | - | 31,201 | 1 | 165,179 |
| Director of Municipal Services | 1 | 131,867 | - | 30,907 | 1 | 163,439 |
| Director of Properties Administration | 1 | 115,725 | - | 29,865 | 1 | 146,266 |
| Roads & Equipment Superintendent | 1 | 107,152 | - | 26,871 | 1 | 134,877 |
| Managers (f) | 4 | 423,377 | - | 104,398 | 4 | 530,411 |
| Other full time staff (g) | 103.00 | 8,079,059 | - | 1,747,430 | 108.00 | 10,155,252 |
| Part time and casual wage staff | | 6,218,066 | - | 665,978 | | 6,725,713 |
| Other Boards and committees | | 28,160 | - | 704 | | 14,461 |
| Advisory Councilors | 13 | 25,422 | - | 6,591 | 13 | 50,714 |
| Decrease in overtime accrual | | (5,107) | - | - | | (7,513) |
| Decrease in vacation accrual | | (22,833) | - | - | | (6,734) |
| | | \$ 15,400,756 | \$ - | \$ 2,677,612 | | \$ 18,285,822 |

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councilors.

(b) Salary includes pensionable base pay and honoraria.

(c) Other cash benefits includes lump sum payments and vacation payouts. There were no bonuses paid in 2018.

(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.

(f) Average salary is \$105,844 and average benefits (column c & d) are \$26,099 totaling \$131,943 (2017 - \$132,603).

(g) Average salary is \$78,438 and average benefits are \$16,965 totaling \$95,403 (2017 - \$94,030).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2018

| | 2018 | Schedule 3 2017 |
|--|----------------------|----------------------------------|
| Change in Financial Assets | | |
| Cash and cash equivalents | \$ 6,448,588 | \$ (6,744,988) |
| Accounts receivable | (9,416) | (860,700) |
| Notes receivable | (1,797,717) | (2,163,751) |
| Due from Province of Alberta | (3,555,255) | 3,834,692 |
| Due from Government of Canada | 523,220 | 570,746 |
| Taxes receivable | 752,389 | (232,139) |
| | 2,361,809 | (5,596,140) |
| Investments | 915,156 | (253,404) |
| | 3,276,965 | (5,849,544) |
| Increase (decrease) in Financial Assets | | |
| Change in Liabilities | | |
| Accounts payable and accruals | 505,934 | (487,010) |
| Vacation accrual | 22,833 | 6,733 |
| Deferred revenues | (87,067) | 54,689 |
| Deferred government grant revenue | (306,701) | - |
| Due to Province of Alberta | 184,397 | 132,133 |
| | 319,396 | (293,455) |
| Long-term debt | 2,522,549 | 2,686,370 |
| Provision for gravel pit reclamation | (60,000) | (613,000) |
| | 2,781,945 | 1,779,915 |
| Decrease in Liabilities | | |
| Net increase (decrease) in net financial assets | 6,058,910 | (4,069,629) |
| Net financial assets at the beginning of year | 63,691,141 | 67,760,770 |
| Net financial assets at end of year | \$ 69,750,051 | \$ 63,691,141 |

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2018

| | 2018 | | Schedule 4 |
|---|----------------------|----------------------|-----------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | 2017 |
| | (Note 15) | | <u>ACTUAL</u> |
| Equity in tangible capital assets at beginning of year | \$ | <u>222,792,337</u> | \$ <u>220,190,231</u> |
| Addition of capital assets: | | | |
| Road infrastructure | 10,198,125 | 7,975,851 | 5,500,815 |
| Transportation services | 3,440,200 | 5,432,440 | 3,663,497 |
| Agriculture and community pasture services | 1,949,750 | 1,819,962 | 1,182,792 |
| Administrative services | 467,000 | 294,127 | 720,727 |
| Water and sanitation services | 254,000 | 180,338 | 534,649 |
| Recreation and cultural services | 188,500 | 156,211 | 214,941 |
| Protective services | 1,323,000 | 855,935 | 16,878 |
| | <u>17,820,575</u> | <u>16,714,864</u> | <u>11,834,299</u> |
| Annual amortization of capital assets | | (8,406,140) | (8,086,221) |
| Disposal of capital assets | | (1,949,057) | (1,145,972) |
| | | 229,152,004 | 222,792,337 |
| Transfers to operations | | (2,563,530) | - |
| Equity in tangible capital assets at end of year (Note 14) | \$ | <u>226,588,474</u> | \$ <u>222,792,337</u> |
| Equity in inventory at beginning of year | \$ | 9,109,022 | \$ 6,907,658 |
| Add purchases and other inventory costs | | 5,271,937 | 8,794,213 |
| Deduct requisitions | | (5,369,637) | (6,592,849) |
| Equity in inventory at end of year (Note 13, 14) | \$ | <u>9,011,322</u> | \$ <u>9,109,022</u> |
| Accumulated operational surplus at beginning of year | \$ | 9,047,816 | \$ 13,504,876 |
| Excess of revenues over expenses | | 10,209,794 | 859,127 |
| Equity change in inventory | | 97,700 | (2,201,364) |
| Equity change in capital assets | | (3,796,137) | (2,602,106) |
| | | 15,559,173 | 9,560,533 |
| Transfers to internally restricted reserves (Note 15) | | (108,092) | (512,717) |
| Accumulated operational surplus at end of year (Note 14) | \$ | <u>15,451,081</u> | \$ <u>9,047,816</u> |
| Internally restricted accumulated surplus at beginning of year | \$ | 54,890,097 | \$ 54,377,380 |
| Tax Recovery Land Sales - Transfers from operations | | 108,092 | 512,717 |
| Internally restricted accumulated surplus at end of year (Note 14) | \$ | <u>54,998,189</u> | \$ <u>54,890,097</u> |
| | \$ | <u>306,049,066</u> | \$ <u>295,839,272</u> |

Schedule 5

**SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT REVENUE AND EXPENSE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | 2018 | | | | | Total |
|--|-------------------------|---------------------|-------------------------|-----------------------------|-------------------------------------|----------------------|
| | Administrative Services | Protective Services | Transportation Services | Water & Sanitation Services | Agriculture & Community Development | |
| Revenue: | | | | | | |
| Taxation | \$ 32,198,179 | \$ - | \$ - | \$ - | \$ - | \$ 32,198,179 |
| Leases | 6,372,991 | - | 1,899,348 | - | 707,824 | 8,980,163 |
| Provincial Grants | - | 755,816 | 6,301,103 | 604,670 | 620,985 | 8,285,514 |
| Interest | 1,114,185 | - | - | - | - | 1,114,185 |
| Federal Grants | - | - | 230,765 | 1,397 | 731,935 | 964,097 |
| Tax Recovery Land Sales | 120,173 | - | - | - | - | 120,173 |
| Loss on sale of tangible capital assets | - | - | (330,582) | - | - | (330,582) |
| Other | 3,037,264 | 245,300 | 94,143 | 276,428 | 42,481 | 4,395,371 |
| Revenues per statement of operations | \$ 42,842,792 | \$ 1,001,116 | \$ 8,194,777 | \$ 882,495 | \$ 2,103,225 | \$ 702,695 |
| | | | | | | \$ 55,727,100 |
| Expenses: | | | | | | |
| Manpower (Schedule 2) | \$ 3,079,414 | \$ 471,574 | \$ 11,987,299 | \$ 720,799 | \$ 1,271,688 | \$ 18,078,368 |
| Materials, goods, and utilities | 226,204 | 115,245 | 14,836,962 | 163,993 | 380,587 | 16,153,338 |
| Contract and general services | 1,477,674 | 1,432,967 | 2,157,177 | 1,792,065 | 556,739 | 7,614,735 |
| Grants | 81,134 | - | 2,000 | 211,333 | 382,305 | 1,672,481 |
| Interest on long-term debt | 148,296 | - | - | - | - | 148,296 |
| Goods and services from GOA | 438,054 | - | 776 | 136,141 | 11,795 | 586,766 |
| Provision for doubtful accounts | 253,033 | - | - | - | - | 253,033 |
| Internal road projects capitalized in the year | - | - | (7,975,851) | - | - | (7,975,851) |
| Industrial tax transfers | 580,000 | - | - | - | - | 580,000 |
| Amortization of tangible capital assets | 620,018 | 611,470 | 6,555,098 | 367,834 | 130,497 | 8,406,140 |
| Expenses per statement of operations | \$ 6,903,827 | \$ 2,631,256 | \$ 27,563,461 | \$ 3,392,165 | \$ 2,733,611 | \$ 2,292,986 |

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, 2018**

| | Mobile equipment | Engineered structures | Automotive equipment | Machinery and equipment | Land | Road infrastructure | EDP equipment | 2018 | 2017 |
|---------------------------------------|---------------------|-----------------------|----------------------|-------------------------|--------------------|----------------------|-------------------|----------------------|---------------|
| Cost | | | | | | | | | |
| Balance, beginning of the year | \$39,321,807 | \$32,980,223 | \$22,257,434 | \$6,331,771 | \$1,313,520 | \$210,332,278 | \$4,644,795 | \$317,181,828 | \$308,411,182 |
| Add: | | | | | | | | | |
| Additions during the year | 4,119,930 | 2,146,778 | 2,079,324 | 277,143 | - | 7,975,851 | 115,838 | 16,714,864 | 11,834,299 |
| Less: | | | | | | | | | |
| Disposals during the year | (3,056,246) | - | (1,268,613) | (38,000) | - | - | (4,904) | (4,367,763) | (3,063,653) |
| Transfers to operations | - | (2,563,530) | - | - | - | - | - | (2,563,530) | - |
| Balance, end of the year | \$40,385,491 | \$32,563,471 | \$23,068,145 | \$6,570,914 | \$1,313,520 | \$218,308,129 | \$4,755,729 | \$326,965,399 | \$317,181,828 |
| Accumulated Amortization | | | | | | | | | |
| Balance, beginning of the year | \$12,628,133 | \$ 9,056,876 | \$15,803,047 | \$3,256,652 | \$ 141,805 | \$ 49,309,638 | \$4,193,340 | \$ 94,389,491 | \$ 88,220,951 |
| Add: | | | | | | | | | |
| Amortization | 1,966,142 | 797,193 | 1,675,877 | 343,447 | - | 3,169,292 | 413,149 | 8,365,100 | 8,086,221 |
| Depletion | - | - | - | - | 41,040 | - | - | 41,040 | - |
| Less: | | | | | | | | | |
| Accumulated Amortization on Disposals | (1,284,925) | - | (1,117,681) | (12,667) | - | - | (3,433) | (2,418,706) | (1,917,681) |
| Balance, end of the year | \$13,309,350 | \$ 9,854,069 | \$16,361,243 | \$3,587,432 | \$ 182,845 | \$ 52,478,930 | \$4,603,056 | \$100,376,925 | \$ 94,389,491 |
| Net book value, 2018 | \$27,076,141 | \$22,709,402 | \$ 6,706,902 | \$2,983,482 | \$1,130,675 | \$165,829,199 | \$ 152,673 | \$226,588,474 | |
| Net book value, 2017 | \$26,693,674 | \$23,923,347 | \$ 6,454,387 | \$3,075,119 | \$1,171,715 | \$161,022,640 | \$ 451,455 | | \$222,792,337 |

Note:

- Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure, buildings and engineered structures asset includes \$96,025 in assets that were under construction at year-end (2017 - \$1,047,302); no related amortization was recorded.

Safety Codes Council Financial Statements (audited)

For the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Safety Codes Council

Opinion

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

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flow for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2018, its results of operations, its changes in net assets, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Original signed by KMG LLP]

Chartered Professional Accountants

Edmonton, Canada

April 12, 2019

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,336,213 | \$ 3,723,385 |
| Accounts receivable | 458,862 | 596,872 |
| Prepaid expenses and deposits | 454,657 | 212,858 |
| | <u>4,249,732</u> | <u>4,533,115</u> |
| Investments (note 2) | 9,646,214 | 10,771,652 |
| Capital assets (note 3) | 2,911,654 | 1,182,910 |
| | <u>\$ 16,807,600</u> | <u>\$ 16,487,677</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 744,497 | \$ 1,033,910 |
| Deferred revenue (note 4) | 2,337,419 | 2,478,430 |
| Current portion of deferred lease inducements (note 5) | 166,071 | 543 |
| | <u>3,247,987</u> | <u>3,512,883</u> |
| Deferred lease inducements (note 5) | 1,383,922 | - |
| Net assets: | | |
| Sustainment and growth fund | 7,992,168 | 8,903,401 |
| Internally restricted (note 6) | 3,000,000 | 3,000,000 |
| Invested in capital assets | 1,835,690 | 1,182,910 |
| | <u>12,827,858</u> | <u>13,086,311</u> |
| Accumulated remeasurement losses | (652,167) | (111,517) |
| | <u>12,175,691</u> | <u>12,974,794</u> |
| Commitments (note 7) | | |
| | <u>\$ 16,807,600</u> | <u>\$ 16,487,677</u> |

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|--|--------------|--------------|
| | (Schedule 1) | |
| Revenues: | | |
| Operating fees: | | |
| Municipalities and agencies | \$ 5,891,462 | \$ 6,128,779 |
| Corporations | 1,021,000 | 1,024,653 |
| Permit fees (note 4) | 5,443,435 | 5,474,714 |
| Course and exam fees (note 4) | 723,017 | 686,401 |
| Master Electricians Program certification fees | 514,350 | 533,689 |
| Investment income | 495,273 | 499,440 |
| Certification (note 4) | 109,028 | 106,775 |
| Annual conference | 56,246 | 47,850 |
| Application development | 47,725 | 47,325 |
| Other revenues and recoveries | 52,944 | 37,224 |
| Designation of powers | 13,450 | 10,975 |
| Accreditation | 10,278 | 10,388 |
| Appeals | 1,500 | 5,500 |
| | 14,379,708 | 14,613,713 |
| Expenses: | | |
| Salaries and benefits | 6,192,666 | 5,840,039 |
| Permit service fees | 4,104,976 | 4,299,684 |
| Contractors and consultants | 1,065,786 | 1,119,676 |
| Office rental | 547,353 | 547,108 |
| Amortization of capital assets | 431,496 | 633,210 |
| Travel (note 8) | 348,097 | 232,187 |
| Annual conference | 347,798 | 292,863 |
| Electronic business solutions | 337,734 | 220,901 |
| Office and general | 213,658 | 174,782 |
| Publications | 160,920 | 159,488 |
| Professional fees | 157,004 | 51,091 |
| Course and seminar costs | 154,001 | 207,948 |
| Meetings | 124,025 | 105,619 |
| Bank and investment service charges | 104,375 | 91,081 |
| Loss on disposal of capital assets | 99,093 | 38,980 |
| Honoraria (note 8) | 72,372 | 70,111 |
| Consulting fees | 59,184 | 92,208 |
| Insurance | 40,452 | 29,432 |
| Appeals | 32,109 | 30,550 |
| New course version | 15,102 | 65,085 |
| Test bank validations | 14,800 | 63,782 |
| Special training programs | 10,252 | 14,220 |
| Corporate memberships | 4,439 | 5,629 |
| Electronic conversion | 469 | 797 |
| New course development | - | 43,150 |
| Competency analysis | - | 1,176 |
| | 14,638,161 | 14,430,797 |
| Excess (deficiency) of revenues over expenses | \$ (258,453) | \$ 182,916 |

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

| | Sustainment and growth fund | Internally restricted | Invested in capital assets | 2018 Total | 2017 Total |
|--|--------------------------------|--------------------------|----------------------------------|----------------------|----------------------|
| Balance, beginning of year | \$ 8,903,401 | \$ 3,000,000 | \$ 1,182,910 | \$ 13,086,311 | \$ 12,903,395 |
| Excess (deficiency) of revenues over expenses | 272,136 | - | (530,589) | (258,453) | 182,916 |
| Purchase of capital assets | (2,336,188) | - | 2,336,188 | - | - |
| Lease inducements received for the purchase of capital assets | 1,152,819 | - | (1,152,819) | - | - |
| Balance, end of year | \$ 7,992,168 | \$ 3,000,000 | \$ 1,835,690 | \$ 12,827,858 | \$ 13,086,311 |

Statement of Remeasurement Gains and Losses

Year ended December 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Accumulated remeasurement losses, beginning of year | \$ (111,517) | \$ (147,135) |
| Unrealized change in fair value of investments | (540,650) | 35,618 |
| Accumulated remeasurement losses, end of year | \$ (652,167) | \$ (111,517) |

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flow

Year ended December 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess (deficiency) of revenues over expenses | \$ (258,453) | \$ 182,916 |
| Item not involving cash: | | |
| Amortization of capital assets | 431,496 | 633,210 |
| Loss on disposal of capital assets | 99,093 | 38,980 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | 138,010 | (211,120) |
| Prepaid expenses and deposits | (241,799) | (152,855) |
| Accounts payable and accrued liabilities | (289,413) | 417,421 |
| Deferred revenue | (141,011) | 37,338 |
| Deferred lease inducements | 473,486 | (6,491) |
| | <u>211,409</u> | <u>939,399</u> |
| Investing activities: | | |
| Purchase of investments, including reinvested investment income | (415,212) | (1,562,418) |
| Withdrawals from investments | 1,000,000 | 1,812,866 |
| | <u>584,788</u> | <u>250,448</u> |
| Capital and financing activities: | | |
| Purchase of capital assets | (2,336,188) | (513,527) |
| Lease inducements received for the purchase of capital assets | 1,152,819 | - |
| | <u>(1,183,369)</u> | <u>(513,527)</u> |
| Increase (decrease) in cash and cash equivalents | (387,172) | 676,320 |
| Cash and cash equivalents, beginning of year | 3,723,385 | 3,047,065 |
| Cash and cash equivalents, end of year | <u>\$ 3,336,213</u> | <u>\$ 3,723,385</u> |

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2018

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, a Technical Coordinating Committee and Sub-councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- administer the Master Electricians' program;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

The Council is also responsible for overseeing the provision of safety codes compliance monitoring (permitting and inspection services) in unaccredited areas in the Province of Alberta under the Alberta Safety Codes Authority (ASCA).

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Council follows the deferral method of accounting for contributions which include government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized when earned or when the related services are provided.

(b) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months which are held for the purpose of meeting short-term cash commitments.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the following method and annual rates for additions after January 1, 2018:

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

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(c) Capital assets (continued):

For capital asset additions prior to January 1, 2018, amortization is provided using the following methods and annual rates:

| Asset | Basis | Rate |
|------------------------|-------------------|-----------------|
| Furniture and fixtures | Declining balance | 20% |
| Equipment | Declining balance | 20% |
| Computer hardware | Declining balance | 30% |
| Computer software | Declining balance | 30% |
| Leasehold improvements | Straight line | Over lease term |

Copyrights are not amortized.

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

(d) Leases:

Leases are classified as capital or operating leases. A lease that transfer substantially the entire benefits and risks incidental to ownership is classified as a capital lease. All other leases are accounted for as operating leases, wherein rental payments and related lease inducements, including "free-rent" periods or significant "step-up" provisions, are amortized on a straight-line basis and recognized as reductions of rent expense over the term of the lease. Lease inducements received for the purchase of capital assets are recognized as reductions in amortization expense on a straight-line basis over the term of the related lease.

Deferred lease inducements represents the unamortized value of tenant inducements and straight-line rent.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(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) Allocation of expenses:

The Council records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program. The Council allocates certain of its general support expenses by identifying the appropriate basis for allocation. Administration and corporate governance are not allocated.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

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

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gains and losses are reversed and recognized in the statement of operations.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

The standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Significant amounts subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

(i) Related party transactions:

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

(j) Changes in accounting policies:

The Council has prospectively adopted the following accounting standards effective January 1, 2018: PS2200 *Related Party Transactions*; PS3420 *Inter-Entity Transactions*; PS3210 *Assets*; PS3320 *Contingent Assets*; and PS3380 *Contractual Rights*. The effect of adopting these standards has resulted in certain changes to the disclosures in the financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(k) Future accounting changes:

The following summarizes upcoming changes to Canadian public sector accounting standards: PS3430 *Restructuring Transactions* (effective April 1, 2018); PS3280 *Asset Retirement Obligations* (effective April 1, 2021); and PS3400 *Revenue* (effective April 1, 2022). The Council's management is currently assessing the impact of these new accounting standards on its financial statements.

2. Investments:

| 2018 | Level | Cost | Market Value |
|--|-------|---------------|--------------|
| Cash and cash equivalents | | \$ 826 | \$ 826 |
| Jarislowky Fraser Money Market Fund | 1 | 114 | 114 |
| Pooled funds: | | | |
| Jarislowky Fraser Bond Fund | 2 | 5,822,521 | 5,583,890 |
| Jarislowky Fraser Canadian Equity Fund | 2 | 2,894,843 | 2,446,801 |
| Jarislowky Fraser Global Equity Fund | 2 | 1,580,077 | 1,614,583 |
| | | \$ 10,298,381 | \$ 9,646,214 |

| 2017 | Level | Cost | Market Value |
|--|-------|---------------|---------------|
| Cash and cash equivalents | | \$ 1,100 | \$ 1,100 |
| Jarislowky Fraser Money Market Fund | 1 | 112 | 112 |
| Pooled funds: | | | |
| Jarislowky Fraser Bond Fund | 2 | 5,957,928 | 5,798,846 |
| Jarislowky Fraser Canadian Equity Fund | 2 | 3,148,436 | 3,077,850 |
| Jarislowky Fraser Global Equity Fund | 2 | 1,775,593 | 1,893,744 |
| | | \$ 10,883,169 | \$ 10,771,652 |

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2018 or 2017.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Capital assets:

| | | | 2018 | 2017 |
|---------------------------|---------------------|--------------------------|---------------------|---------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Furniture and fixtures | \$ 560,544 | \$ 103,604 | \$ 456,940 | \$ 137,483 |
| Equipment | 20,465 | 5,710 | 14,755 | 8,919 |
| Computer hardware | 770,115 | 316,458 | 453,657 | 230,550 |
| Computer software | 1,372,251 | 473,680 | 898,571 | 471,440 |
| Leasehold improvements | 1,152,819 | 76,855 | 1,075,964 | 52,593 |
| Copyrights | 11,767 | - | 11,767 | 11,767 |
| Capital assets not in use | - | - | - | 270,158 |
| | <u>\$ 3,887,961</u> | <u>\$ 976,307</u> | <u>\$ 2,911,654</u> | <u>\$ 1,182,910</u> |

Leasehold improvements in the amount of \$1,152,819 for the Council's new offices were acquired with proceeds from tenant inducements provided by the Council's landlord (see note 5). Capital assets not in use includes \$nil (2017 - \$179,200) related to new computer software and \$nil (2017 - \$90,958) relating to leasehold improvements for the Council's new offices.

4. Deferred revenue:

| | Balance, December 31, 2017 | Amounts received / receivable | Revenue recognized, net | Balance, December 31, 2018 |
|--|----------------------------------|-------------------------------------|-------------------------------|----------------------------------|
| <u>Core Operations</u> | | | | |
| Grant agreements: | | | | |
| Province of Alberta - Safety System Outcome Survey | \$ 250,849 | \$ 2,635 | \$ - | \$ 253,484 |
| | 250,849 | 2,635 | - | 253,484 |
| Course and exam fees | 53,205 | 709,387 | (723,017) | 39,575 |
| Certification | 179,233 | 97,486 | (109,028) | 167,691 |
| | 483,287 | 809,508 | (832,045) | 460,750 |
| <u>ASCA</u> | | | | |
| Alberta Safety Codes Authority permit fees | 1,995,143 | 5,324,961 | (5,443,435) | 1,876,669 |
| | <u>\$ 2,478,430</u> | <u>\$ 6,134,469</u> | <u>\$ (6,275,480)</u> | <u>\$ 2,337,419</u> |

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Deferred revenue (continued):

In 2016, the Council applied for and obtained a one-time conditional grant from the Province of Alberta to complete a Safety System Outcome Survey. The grant provided for a total of \$250,000 to be received to complete a survey of the various participants in the safety codes system to identify any gaps in the system, potential risks and mitigating measures on a go-forward basis. An amendment to the grant agreement was obtained in 2018 extending the project into fiscal 2019. The survey is expected to be completed in fiscal 2019.

5. Deferred lease inducements:

During the year, the Council received \$507,888 (2017 - \$nil) in "free-rent" and recognized \$34,402 (2017 - \$nil) of amortization of deferred straight-line rent as a reduction in rent expense. In addition, the Council received \$1,152,819 (2017 - \$nil) in tenant inducements to support the purchase of certain leasehold improvements and recognized \$76,855 (2018 - \$nil) of amortization of deferred tenant inducements as a reduction in amortization expense.

| | 2018 | 2017 |
|---|--------------|--------|
| Straight-line rent | \$ 474,029 | \$ 543 |
| Tenant inducements | 1,075,964 | - |
| | 1,549,993 | 543 |
| Current portion of deferred lease inducements | 166,071 | 543 |
| | \$ 1,383,922 | \$ - |

6. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of \$3,000,000 to manage sustainability risk over the medium term. Access to the restricted net assets is granted by resolution of the Board of Directors.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

7. Commitments:

The Council has committed to a new operating lease for its office premises which expires April 30, 2028. Under the new agreement, the Council is responsible for annual rent payments and its share of operating costs related to the office premises. The Council has also committed to an equipment lease for use of a photocopier which expires February 29, 2020.

| | Equipment lease | Office lease | Total |
|------------|--------------------|-----------------|--------------|
| 2019 | \$ 13,727 | \$ 272,506 | \$ 286,233 |
| 2020 | 3,432 | 278,304 | 281,736 |
| 2021 | - | 278,304 | 278,304 |
| 2022 | - | 289,900 | 289,900 |
| 2023 | - | 295,698 | 295,698 |
| Thereafter | - | 1,350,934 | 1,350,934 |
| | \$ 17,159 | \$ 2,765,646 | \$ 2,782,805 |

8. Related party transactions:

The Province of Alberta provides certain services to the Council, including monitoring services of accredited entities as part of the Municipal Support Program, at no cost. These unallocated costs are not recognized in the financial statements.

Related parties include key management personnel and members of the Board of Directors of the Council. Transactions with key management personnel primarily consist of compensation related payments and are undertaken on similar terms and conditions to those that would be adopted if the parties were dealing at arm's length. Members of the Board of Directors are remunerated by the schedules as set out by Order in Council 466/2007. Remuneration is comprised of \$72,372 (2017 - \$70,111) and is included in honoraria expense. Other costs consist of travel related to meeting attendance is comprised of \$35,864 (2017 - \$20,803) which is included in travel expense.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

9. Financial risks and concentration of credit risk:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, liquidity risk, credit risk and interest rate risk. The Council's overall risk management processes are designed to identify, manage and mitigate business risk.

(a) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Council's investments are in pooled-funds and carried at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains (losses), all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Council through their investment guidelines and policies, as monitored by the management of the Council and its investment manager. There have been no significant changes to the market price risk exposure from 2017.

(b) Liquidity risk:

Liquidity risk is both the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities, and there will be no ability to sell its financial instruments should it wish to do so.

The Council's Investment Policy, which is reviewed and approved by the Board of Directors annually, establishes the nature of acceptable investments for its portfolio. As a result, 100% of the Council's investments are in pooled funds. Although market events could lead to some investments within the pooled fund becoming illiquid, the diversity and quality of the Council's investments is designed to ensure that liquidity is available to pay liabilities as they come due. The Council also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. There have been no significant changes to the liquidity risk exposure from 2017.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2018

9. Financial risks and concentration of credit risk (continued):

(c) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Council. In relation to the Council activities, credit risk arises from the issuance of permits by accredited third-parties and subsequent remittance of levies to the Council. This risk is mitigated through the Council's ongoing due diligence of accredited organizations, and the number of accredited organizations issuing permits. In relation to the Council's investment portfolio, credit risk arises from the bond or equity issuer defaulting on its obligations.

The Council manages credit risk by investing diversified pooled funds. Cash is held with reputable financial institutions and accounts receivable are with counterparties that the Council believes to be reputable entities. No individual financial asset is significant to the Council's operations. There have been no significant changes to the credit risk exposure from 2017.

(d) Interest rate risk:

The Council is exposed to interest rate risk associated with the underlying interest-bearing instruments held in the Jarislowsky Fraser Bond Fund. To properly manage the Council's interest rate risk, appropriate guidelines and investment policies are set and monitored by management of the Council and its investment manager. There have been no significant changes to the interest rate risk exposure from 2017.

SAFETY CODES COUNCIL

Schedule 1 - Operating Activities

Year ended December 31, 2018

| | Core operations | ASCA | 2018 |
|--|---------------------|------------------|---------------------|
| Revenue: | | | |
| Operating fees: | | | |
| Municipalities and agencies | \$ 5,891,462 | \$ - | \$ 5,891,462 |
| Corporations | 1,021,000 | - | 1,021,000 |
| Permit fees | - | 5,443,435 | 5,443,435 |
| Course and exam fees | 723,017 | - | 723,017 |
| Master Electricians Program certification fees | 514,350 | - | 514,350 |
| Investment income | 465,966 | 29,307 | 495,273 |
| Certification | 109,028 | - | 109,028 |
| Annual conference | 56,246 | - | 56,246 |
| Application development | 47,725 | - | 47,725 |
| Other revenue and recoveries | 52,944 | - | 52,944 |
| Designation of powers | 13,450 | - | 13,450 |
| Accreditation | 10,278 | - | 10,278 |
| Appeals | 1,500 | - | 1,500 |
| | 8,906,966 | 5,472,742 | 14,379,708 |
| Expenses: | | | |
| Salaries and benefits | 5,153,949 | 1,038,717 | 6,192,666 |
| Permit service fees | - | 4,104,976 | 4,104,976 |
| Contractors and consultants | 1,055,449 | 10,337 | 1,065,786 |
| Office rental | 493,353 | 54,000 | 547,353 |
| Amortization of capital assets | 351,937 | 79,559 | 431,496 |
| Travel | 335,786 | 12,311 | 348,097 |
| Annual conference | 347,798 | - | 347,798 |
| Electronic business solutions | 265,612 | 72,122 | 337,734 |
| Office and general | 203,658 | 10,000 | 213,658 |
| Publications | 160,383 | 537 | 160,920 |
| Professional fees | 157,004 | - | 157,004 |
| Course and seminar costs | 154,001 | - | 154,001 |
| Meetings | 119,961 | 4,064 | 124,025 |
| Bank and investment service charges | 102,722 | 1,653 | 104,375 |
| Loss on disposal of capital assets | 99,093 | - | 99,093 |
| Honoraria | 72,372 | - | 72,372 |
| Consulting fees | 59,184 | - | 59,184 |
| Insurance | 36,452 | 4,000 | 40,452 |
| Appeals | 32,061 | 48 | 32,109 |
| New course version | 15,102 | - | 15,102 |
| Test bank validations | 14,800 | - | 14,800 |
| Special training programs | 10,252 | - | 10,252 |
| Corporate memberships | 4,439 | - | 4,439 |
| Electronic conversion | 469 | - | 469 |
| | 9,245,837 | 5,392,324 | 14,638,161 |
| Excess (deficiency) of revenues over expenses | \$ (338,871) | \$ 80,418 | \$ (258,453) |

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, 2018 to March 31, 2019:

- 1 – Disclosures
 - 1 disclosure acted on
 - 0 disclosures not acted on
- 1 – Investigation
- 0 – Investigations resulting in a finding of wrongdoing
