

GOVERNMENT OF ALBERTA

Annual Report

Municipal Affairs

2020-2021

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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 20 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and a comparison of actual performance results to desired results set out in the government's strategic plan, previously published in one volume entitled Measuring Up report.

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

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

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

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2021, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at June 7, 2021 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by]

Ric McIver

Minister of Municipal Affairs

Message from the Minister



The past year has been a challenge. From the ever-evolving complications of the COVID-19 pandemic to the tough economic conditions we've faced, Albertans have been pushed to extremes many have never before seen.

And though we continue to face substantial challenges, I would be remiss if I overlooked some of the truly impressive successes we've achieved in recent months, both in the way municipalities have come together to help their residents and how staff at Municipal Affairs has worked to support those communities.

In these unprecedented times, the ministry's work has been an extension of previous efforts, as we responded to each new hurdle the ongoing pandemic has presented. We headed up a task force to source and distribute much-needed personal protective equipment and supplies to the people who needed them most. We adapted our processes to keep the programs and services people rely on operating as normal, despite the otherwise abnormal circumstances. And, we kept lines of communication open with our municipal partners to recognize common goals.

In a number of ways, we have also begun to rebuild our local economies and prepare ourselves for the post-pandemic world. We've given expert advice to our municipal partners so they can support the needs of their residents, meet the requirements of health officials, and remain transparent and accountable. That includes working with the public library network to bring Albertans vital resources during this stressful and unpredictable time.

We've made infrastructure investments to spur economic activity and create jobs, while continuing to reduce red tape and invite private investment. And we've listened to the needs of Albertans to help guide our decisions.

Of course, while a key focus of our work has been responding to the pandemic, not all of our achievements have been directly related to the response, and I'd like to highlight a few that stand out.

First, not all disasters are pandemic-related. Alberta has seen some of the country's biggest and costliest natural disasters in the past decade. And our response to those events has been to meet head-on the changing demands we face.

In the past year, 15 communities affected by flooding received nearly \$30 million from the Disaster Recovery Program. We continue to visit communities to make sure emergency plans are in place and up to date.

We've also acknowledged that the province cannot continue to be the only source for the costs of major incidents. Changes we made to the Disaster Recovery Program will mean local governments and private applicants will share in the financial response, and limits will be put on how often properties can seek assistance to disasters, mitigating the financial risks of future disasters.

We introduced the Municipal Measurement Index, a tool residents can use to compare their municipality to others in Alberta with similar characteristics, allowing them to make more informed assessments of their local community.

Further, to strengthen the democratic process, we amended the *Local Authorities Election Act*. The changes we made will restrict the amount of money third-party advertisers can accept from donors in municipal elections, even the playing field for new candidates, and increase transparency for voters.

Finally, staff at the quasi-judicial boards have made enormous progress by eliminating file backlogs related to surface rights issues. That means wait times for new applications will be shorter, claim payments will happen quicker, and the cost of processing files will be less.

As we build on these successes, and others listed in this report, I am confident we can face the challenges of today, and those that present themselves in the days and months to come. Together, we'll continue to build the healthy, sustainable municipalities this province is made of.

[Original signed by]

Ric McIver

Minister of Municipal Affairs

Management's Responsibility for Reporting

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

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services Division, the Technical and Corporate Services Division, the Alberta Emergency Management Agency, 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, which includes the financial information, performance results on all objectives and initiatives identified in the Ministry Business Plan, and performance results for all ministry-supported commitments that were included in the 2020-23 Government of Alberta Strategic Plan. The financial information and performance results, out of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- 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 2020.

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]

Brandy Cox
Deputy Minister of Municipal Affairs

June 7, 2021

Results Analysis

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Ministry Overview

Ministry of Municipal Affairs

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

The ministry consists of the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Special Areas Board and 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 Division, the Technical and Corporate Services Division, the Alberta Emergency Management Agency, 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 industrial properties, for all 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 Local Government 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 Division

The Municipal Services 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* – and their associated regulations; leads policy initiatives relating to municipal-provincial relations; and coordinates the ministry's stakeholder relations with key municipal associations at major conferences and regional meetings.

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

Technical and Corporate Services

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

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

To support the safety codes system, the division oversees:

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

The division supports safety codes system partners to carry out their responsibilities by providing guidance and advice, including advising municipalities, industry, and the public on safety code interpretations. The division also works with government departments, municipalities, Indigenous communities, and other stakeholders to support:

- effective community risk-management; and
- volunteer search and rescue organizations by offering funding such as training grants.

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 Corporate Strategic Services Branch provides corporate support and helps the ministry achieve its outcomes by providing information management; legislative and administrative services; and strategic planning, reporting, and policy services.

Alberta Emergency Management Agency

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

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

Quasi-judicial Boards

The ministry supports four quasi-judicial boards – independent bodies that deliver fair, impartial, and well-reasoned decisions and recommendations on matters such as designated industrial property assessment, commercial and multi-residential property assessment, subdivision appeals, and annexations. The boards grant right of entry and resolve compensation disputes involving expropriations, unpaid surface leases, or operators requiring access to private land or occupied Crown land to develop subsurface resources. The boards also provide parties with a robust dispute resolution process to help resolve disputes prior to a formal hearing. Finally, the boards support municipalities by providing certification training for board members and clerks for Assessment Review Boards and Subdivision and Development Appeal Boards across Alberta.

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.

The board also supports assessment review boards by assigning members to hear and make decisions about municipal assessment complaints and to provide training and certification for board clerks and members.

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

The 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. These matters include right of entry to the owner's land; determination of compensation payable to the landowner for the entry; and review of annual compensation, damages, and rental recovery in the event 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 the compensation payable to landowners and tenants.

Support Services

Financial Services

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

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 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

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

Other Entities

Safety Codes Council

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

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

Special Areas Board

The Special Areas Board – appointed by the Lieutenant Governor in Council – is responsible for the administration of 2.5 million acres of public land in southeast Alberta and 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, the Kananaskis Improvement District, is administered by the Ministry of Environment and Parks.

Delegated Administrative Organizations

Alberta Boilers Safety Association

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

Alberta Elevating Devices and Amusement Rides Safety Association

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

Petroleum Tank Management Association of Alberta

The Petroleum Tank Management Association of Alberta is delegated to administer safety programs related to petroleum storage tanks in Alberta. The association's safety codes officers administer the fire code for the registration, construction, operation, alteration, and removal of petroleum tanks.

As part of the government's commitment to reduce duplication and leverage economies of scale where possible, a commitment was made to reduce the number of delegated organizations in the safety system. This resulted in a transfer of responsibilities from the Petroleum Tank Management Association of Alberta to the Alberta Safety Codes Authority, a division of the Safety Codes Council. As of June 8, 2020, the Petroleum Tank Management Association of Alberta ceased all of its operations, and the Alberta Safety Codes Authority assumed responsibility for administering safety programs related to petroleum storage tanks in Alberta. This transfer was intended to lower costs for petroleum tank owners and reduce wait times for storage tank inspections.

Executive Summary

In 2020-21, the Ministry of Municipal Affairs delivered on the commitments in its 2020-23 business plan, and continued its day-to-day operations to support Albertans, Alberta municipalities, and other stakeholders. The worldwide pandemic of coronavirus disease 2019 (COVID-19) remained at the fore, having an effect on every aspect of the ministry's work. Despite progress on the mitigation of COVID-19, the pandemic continued to impact Albertans, the economy, and the work of governments at all levels.

Responding to the COVID-19 Pandemic

In response to the widespread nature and cascading impacts of the pandemic, the Government of Alberta formally declared a public health emergency on March 17, 2020, under the *Public Health Act*. Municipal Affairs' efforts to address the COVID-19 pandemic continued throughout 2020-21 and included the following:

- A continuous elevated status for the Provincial Operations Centre since the beginning of the COVID-19 pandemic response.
- Establishment of the Pandemic Response Planning Team in March 2020 that would work through issues for a whole-of-society response, and provide the Government of Alberta with a multi-department planning capacity for the COVID-19 response in the medium- and long-term.
- Developing the Alberta Bits and Pieces Program as a way for businesses and citizens to submit unsolicited offers of products and services to help others during emergencies such as the COVID-19 pandemic response.
- Establishing the Personal Protective Equipment Task Force in response to the rapidly expanding need for personal protective equipment for numerous organizations across Alberta as they responded to the pandemic.
- Providing support and advice to municipalities as they contended with the challenges associated with the COVID-19 pandemic – calls and emails increased by more than 45 per cent from the previous year.
- Developing and implementing plans for isolation accommodations and support to vulnerable populations throughout the province. From March to August 2020, the Emergency Social Services team joined the Pandemic Response Planning Team to provide this support to local authorities as they responded to the human-impact aspects of the pandemic.
- Administering Municipal Operating Support Transfer funding to support additional expenditures associated with COVID-19, such as personal protective equipment; enhanced cleaning; and replacement of reduced or foregone revenues due to COVID-19, such as reduced tax and fine revenue.
- Announcing a six-month deferral of 2020 non-residential education property tax in order to keep businesses viable so they could continue to meet payroll obligations and employ as many Albertans as possible.

Major Initiatives and Projects

Progress was made on major initiatives and projects identified in the ministry's 2020-23 business plan, including:

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

Red Tape Reduction

In 2020-21, Municipal Affairs continued to focus on reducing red tape to ensure the ministry and the province's local governments are well-positioned to help deliver on the Government of Alberta's plan to reignite the economy, support job creators, and get Albertans working again.

Key work included the following:

- Red tape reduction principles were included in the development of the Municipal Stimulus Program and the Municipal Operating Support Transfer program to ensure programs will be delivered in a streamlined manner. Additionally, the Municipal Stimulus Program required municipalities to reduce red tape as a condition of receiving the funding.
- The population threshold for municipalities to participate in the Municipal Accountability Program was reduced from "less than 5,000" to "less than 2,500," which will reduce the number of municipalities required to collect and submit documentation and to participate in the review process.
- Bill 48, the *Red Tape Reduction Implementation Act, 2020 (No. 2)*, included numerous amendments to the planning sections of the *Municipal Government Act*. Changes will speed up subdivision and development permit approvals; streamline the appeal processes for projects approved by a provincial regulator; and consolidate the Municipal Government Board, Land Compensation Board, Surface Rights Board, and New Home Buyer Protection Board into the newly established Land and Property Rights Tribunal.
- The ministry also intends to consult with stakeholders in 2021 on potential amendments to the *Libraries Act* in order to reduce red tape that might be impeding libraries.
- The management of petroleum storage tanks was transferred from the Petroleum Tank Management Association of Alberta to the Alberta Safety Codes Authority, a division of the Safety Codes Council.

Grant Programs and Municipal Funding

Grant programs and municipal funding continued to be important elements of the ministry's work. In 2020-21, Municipal Affairs provided Alberta communities with funding through several different programs, including:

- \$970.9 million in capital funding through the Municipal Sustainability Initiative Capital program, including \$335 million from the Basic Municipal Transportation Grant component;
- \$29.1 million in operational funding through the Municipal Sustainability Initiative Operating program;
- \$10.2 million in funding through the Alberta Community Partnership program to support municipalities with intermunicipal initiatives and capacity building;
- \$244.1 million in federal Gas Tax Fund core funding;
- \$500 million through the limited term Municipal Stimulus Program to support shovel-ready capital infrastructure projects;
- \$576.3 million in shared federal and provincial pandemic related operating support through the Municipal Operating Support Transfer; and
- the Grants in Place of Taxes program, which provided \$28.9 million in funding to 167 municipalities on behalf of more than 4,700 Crown properties.

Designated Industrial Property Assessment

In January 2018, the modernized *Municipal Government Act* transferred the responsibility for the assessment of designated industrial properties from municipalities to the provincial assessor within Municipal Affairs. The benefits of centralizing this type of assessment are being realized through continued incremental improvements in consistency, fairness, and transparency in the application of legislation, as well as operational efficiencies and economies of scale that can be achieved under a single provincial assessment jurisdiction.

In 2020-21, Municipal Affairs completed 597,000 designated industrial property assessments for about 1,400 assessed persons (companies), for a total of approximately \$171.2 billion in assessment value. The ministry remains committed to working collaboratively with municipalities and other stakeholders to complete the transition to a centralized model. To this end, formal engagement methods have been used throughout the project to communicate with – and gain insights from – all stakeholders. Most recently, an executive advisory group was launched (October 2020) to regularly bring together leaders from industry and municipal groups to share ministry updates and to seek advisory input from stakeholders.

Building Assessment Report Repeal

In addition to reducing the number of legislative requirements within the *New Home Buyer Protection Act* and associated regulations, repealing the requirement for building assessment reports will result in cost-savings for both builders and home buyers. Building assessment reports add approximately \$2.7 million per year to the cost of building condominiums in Alberta – about \$383 per condominium unit. However, for small-scale condominium projects involving triplexes and four-plexes, the building assessment report can add significantly more per unit. Eliminating this report may provide a measure of economic stimulus for small-scale condominium developers. Building assessment reports will no longer be required for new construction after July 1, 2021. This reduction of regulatory requirements will mean savings for both the building industry and home buyers. The elimination of building assessment reports for new condominium construction will not impact condominium conversions, which fall under the *Condominium Property Act*.

Public Safety Committees

The ministry chairs the Assistant Deputy Ministers' and Deputy Ministers' Public Safety committees. These committees provide cross-departmental leadership and direction, both during major disasters and periods of

regular business. Examples of the significant events where the committees provided coordination include the ongoing response to the COVID-19 pandemic, as well as to previous major events such as the 2013 southern Alberta floods and the 2016 Wood Buffalo wildfires.

The committees were key in the province's COVID-19 response following the province's March 17, 2020, declaration of a state of public health emergency under the *Public Health Act*. Prior to the declaration, the committees were actively engaged in the preparation for, and initial response to, the event, including support to the province's Emergency Management Cabinet Committee, and ensuring timely and effective cross-government coordination.

The Work of the Four Boards

When the rights of citizens are impacted by government decisions or where there is conflict between the competing interests of individuals, industry or municipalities, the Legislature has provided a process to protect the rights of all parties. In 2020-21, Municipal Affairs continued to support 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) that adjudicate on matters relating to land rights and property ownership.

Going forward, it is expected that the government's response to the COVID-19 pandemic will continue to take precedence for at least the first half of the 2021-22 fiscal year. At the same time, Municipal Affairs will continue to make progress on the outcomes identified in its 2021-24 business plan.

Discussion and Analysis of Results

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

Key Objectives

1.1 Work with municipalities to strengthen regional planning and service delivery through a number of regional governance mechanisms, such as intermunicipal collaboration frameworks and growth management boards.

Municipalities have faced enormous pressures over the past year in response to the unprecedented challenges brought on by the COVID-19 pandemic. Additional costs because of the pandemic make it even more pressing for municipalities to find efficiencies and savings in service delivery. To this end, municipalities in Alberta continue to provide essential services for their residents, and move forward with key priorities such as implementing regional growth plans, regional servicing plans, and intermunicipal collaboration frameworks.

The COVID-19 pandemic has made meeting and working together in person challenging, and growth management boards have tackled this challenge by hosting online meetings. Intermunicipal dispute resolution sessions, such as facilitated discussions and mediations, accessed virtual platforms with the specific ability to convene both meeting and breakout room spaces. The ministry's roster of mediators reported they have been using a combination of online and in-person meetings that followed provincial public health safety measures.

Municipal Affairs and its municipal partners demonstrated resiliency and determination while adapting to difficult circumstances. Despite the challenges presented by the pandemic, work continued in strengthening regional planning and service delivery for the benefit of all Albertans.

Growth Management Boards - Edmonton and Calgary Metropolitan Regions

Growth Management Board Formation and History

In 2017, updates to the *Municipal Government Act* made a Calgary region growth management board mandatory (a mandatory board has existed in the Edmonton region since 2008). Prior to

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

Key Priority One:

Supporting Job Creation

Objective 1:

Changing the tax structure to stimulate growth and attract investment

- Update the province's property assessment model for the oil and gas sector, including wells and pipelines. In the interim, the assessed value of shallow gas properties was reduced by 35 per cent for the 2020 tax year to help shallow gas producers cut costs, protect and create jobs, and remain competitive in the face of economic pressures affecting this critical sector.
- In 2020-21, the government concluded a review of the regulated assessment models for wells, pipelines, and wellsite machinery and equipment, which determine the assessed values of these assets for taxation purposes. The province implemented the following measures to support economic recovery and provide certainty to industry, investors, municipalities, and other property taxpayers for the next three years:
 - To encourage new investment, a three-year property tax holiday for all new well and pipeline assets was implemented, and to further stimulate new drilling activity, the Well Drilling Equipment Tax was eliminated effective January 1, 2021.

the establishment of the growth management boards, there were a significant number of intermunicipal disputes regarding how best to allow development in and around the province's two biggest metropolitan regions. Disputes would often result in appeals to the Municipal Government Board, which would create delays in development and incur significant costs for each municipality involved. Depending on the complexity of the development under appeal, the timeline to resolve a dispute varied from six months to one year, and could cost in excess of \$1 million for participating municipalities.

Growth management boards guide long-term collaborative and strategic planning to address growth in Alberta's metropolitan regions. Board membership includes the core municipality (Calgary or Edmonton), all adjacent rural municipalities, and all urban municipalities in the region with more than 5,000 residents. This means there are 13 voting member municipalities in the Edmonton Region Metropolitan Board, and 10 in the Calgary Region Metropolitan Board. As outlined in the regulations, in order for a decision to pass, two-thirds of member municipalities, representing at least two-thirds of the affected population, must support it.

The growth management boards' mandates focus on:

- environmentally responsible land-use planning, growth management, and efficient use of land;
- developing policies regarding the coordination 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. The boards are also required to develop regional evaluation frameworks to assess whether a member municipality's proposed land-use plan is in alignment with the regional plan.

The Edmonton Metropolitan Region Board has its growth plan and regional evaluation framework in place, and in December 2019, the Minister of Municipal Affairs approved the regional servicing plan. In the past fiscal year, the Edmonton board collaborated with the Building Industry and Land Development Association to review and streamline the regional evaluation framework process in order to reduce red tape and spur growth in the Edmonton metropolitan region. In December 2020, the minister approved a new framework that would significantly decrease the number of new statutory plans, or amendments to existing statutory plans, that would need to be reviewed by the Edmonton Metropolitan Region Board. Statutory plans, such as municipal development plans, area structure plans, and area redevelopment plans allow municipalities to plan for growth. Changes to the framework allow municipalities to make minor amendments that do not affect the content of the plans without requiring a review by the board, freeing up the board to focus on important regional projects.

- To support existing oil and gas companies, additional depreciation adjustments are being provided for lower-producing wells.
- The assessments of shallow gas wells and associated pipelines will continue to be reduced by 35 per cent for the next three years.

Key Priority Two: Making life better for Albertans

Objective 5: Building better communities

- In 2020-21, Municipal Affairs released an interactive web-based dashboard. The Municipal Measurement Index allows Albertans to explore and compare financial and statistical information across all of the province's 334 municipalities

The Calgary Metropolitan Region Board currently operates under an interim growth plan and regional evaluation framework. The board is in the final stages of completing the mandatory long-term growth plan and servicing plan. The original deadline to have these plans in place was January 2021; however, due to the complications and difficulties arising from the COVID-19 pandemic, this deadline has been extended to June 1, 2021.

The Government of Alberta continues to engage regularly with the boards, their members, and affected stakeholders to ensure the boards remain effective vehicles for economic development and growth in both the Edmonton and Calgary regions.

Ministry Support for the Boards (Financial)

Under the Alberta Community Partnership, provincial funding to the growth management boards is gradually being reduced as the boards assume greater responsibility for funding their own operations. The regulations enable each growth management board to requisition operating funding from their members to reduce reliance on provincial funding. In 2020-21, the province paid \$1.75 million in funding to each board, based on amounts approved in 2018-19.

Ministry Support for the Boards (Governance)

In addition to financial support for the boards, the assistant deputy minister of the Technical and Corporate Services Division of Municipal Affairs sits as a non-voting member on each board. The Government of Alberta representative serves as a liaison between the boards and the province.

Municipal Collaboration

The ministry 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, among a council, and between a municipality and the public.

If support is needed, the ministry will assist in assessing the most appropriate method to improve communication and strengthen relationships by providing: information sessions, training, and assessments of specific situations; guidance on alternative dispute resolution options; and assistance in accessing funding from the Alberta Community Partnership program. Projects and initiatives that are funded are typically multi-year in scope, with the ministry providing ongoing support.

This year, six municipalities accessed advice, assessment, training, and conflict coaching in situations of internal council conflict – three for internal council conflict, and three for internal council-staff conflict.

Conflict within municipal organizations can cause significant challenges, impact the effectiveness of decision-making, or lead to increases in absenteeism and staff turnover. Although consequential conflicts within a municipality are, overall, a rare occurrence, conflicts within a council and internal conflicts between council and staff continue to be the most prevalent form of municipal conflict that benefits from additional support from the ministry.

Intermunicipal Collaboration

The ministry offers proactive support to local governments to explore ways to improve conflict management, build better relationships, and improve communication between municipalities that share common boundaries or shared service areas.

The use of mediation or other dispute resolution alternatives is encouraged as a way for municipalities to resolve issues before resorting to legal proceedings. Typically, intermunicipal issues resolved through mediation pertain to annexation, land-use planning, cost-sharing, or the need for improved relationships.

The ministry has been providing intermunicipal dispute resolution support for more than 20 years, in response to an identified need for alternatives to quasi-judicial appeals. An advisory committee composed of municipal associations, the Alberta Arbitration and Mediation Society, and the Canadian Bar Association has supported the initiative. The ministry has supported a total of 161 mediations with an overall success rate of 87 per cent.

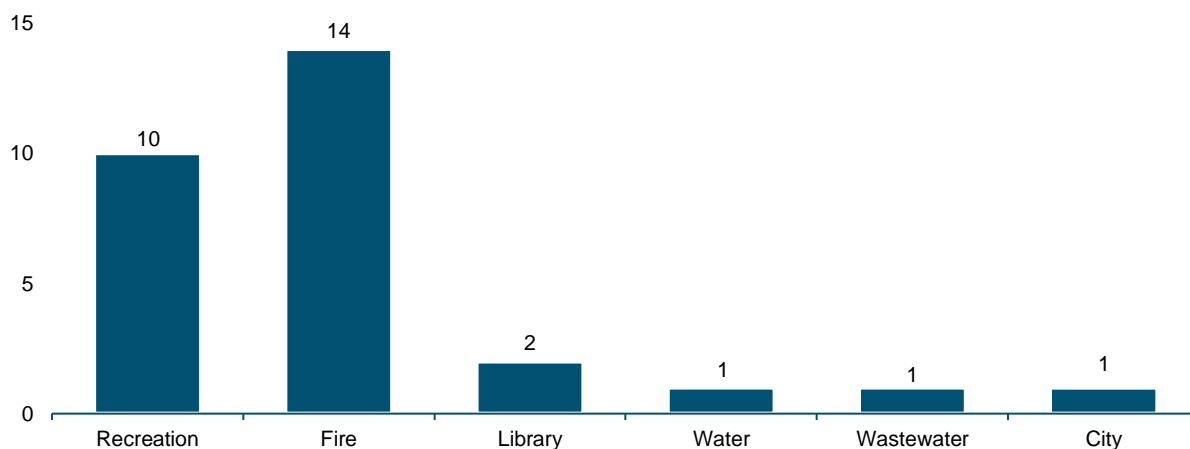
As part of the intermunicipal dispute resolution process, municipalities hire private-sector mediators and, when appropriate, the ministry may cover one-third of the funding for a mediation. The ministry maintains a roster of private-sector mediators with the assistance of representatives from the municipal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

In 2020-21, the ministry provided \$160,000 in funding in support of four requests for mediation assistance involving annexations and intermunicipal development plans.

This year, five intermunicipal and organizational projects were completed involving a total of 25 municipalities and one First Nation. These protocols establish how municipalities will work together internally and/or externally.

The ministry also provides advice and information on dispute resolution options related to cost-sharing agreements. In 2020-21, the ministry supported 78 municipalities in more than 34 intermunicipal collaboration frameworks and 42 cost-sharing agreements involving fire departments/services, recreation, solid waste, water, wastewater, and libraries. This work involved the delivery of 25 presentations and training sessions. The following graph demonstrates the types of intermunicipal issues addressed in 2020-21.

Intermunicipal Issues Addressed by Mediation (April 1, 2020 to March 31, 2021)



Fire department/services and recreation cost-sharing agreements continue to be the most prevalent types of intermunicipal conflicts. This is likely because historically there are significant differences between rural and urban service levels and funding models. The municipal costs associated with these services are substantive and are typically not cost-recovered, requiring subsidization from the general property tax base. It is expected these two service areas will continue to require the most mediation and collaboration support as agreements come up for renewal or there are changes in the economic environment or assessment base.

Intermunicipal Collaboration Frameworks

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

Intermunicipal collaboration frameworks are intended to:

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

Intermunicipal collaboration frameworks must describe these services, identify which municipality is responsible for providing which service, and outline how the services will be delivered and funded.

Since the inception of the legislation in 2016, municipalities have been negotiating and reaching agreement on their intermunicipal collaboration frameworks and intermunicipal development plans. These agreements support the coordinated and cost-effective delivery of shared services to residents and businesses.

Due to the COVID-19 pandemic, the original completion date for intermunicipal collaboration frameworks was extended to April 1, 2021, from April 1, 2020, under Ministerial Order No. MSD:019/20. If disputes between municipalities prevent completion of intermunicipal collaboration frameworks and intermunicipal development plans by the deadline, mandatory dispute resolution will be triggered resulting in arbitration for intermunicipal collaboration frameworks, and a review by the Municipal Government Board for intermunicipal development plans.

The ministry has provided both advisory and funding support to municipalities as they complete the requirements. Advisory support in this first cycle of implementation has included regional training sessions, local forums, presentations at council meetings, facilitated meetings for municipal partners, and provision of training and resources to the ministry's rosters of mediators and arbitrators. 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. Under the Cooperative Processes stream, funding is available to support up to half of the cost of a mediator or facilitator to help negotiate service agreements.
2. Under the Intermunicipal Collaboration component, funding can be used to support up to the full cost of developing intermunicipal collaboration frameworks and intermunicipal development plans.

Since 2016, there have been 101 Alberta Community Partnership-funded projects for 333 municipalities related to negotiation and developing 181 intermunicipal collaboration frameworks and 209 intermunicipal development plans. The funding helped municipalities as they developed internal and intermunicipal protocols, and negotiated intermunicipal collaboration frameworks and intermunicipal development plans.

This year, three new projects involving 12 municipalities were funded for mediation of their intermunicipal development plans, and two projects were funded for mediation of intermunicipal collaboration framework related cost-sharing agreements.

As of March 31, 2021, 436 groups of regional municipal neighbours have notified the ministry that they have completed their intermunicipal collaboration frameworks. This equates to 98 per cent of intermunicipal collaboration frameworks being completed by the legislated deadline. There was only one intermunicipal

development plan dispute that was referred to the Municipal Government Board from the minister because the municipalities were unable to agree as of March 31, 2021.

These discussions between municipal neighbours to develop their intermunicipal collaboration frameworks and intermunicipal development plans have, in some cases, brought long-standing disagreements to resolution. In 2020-21, a number of mediations and negotiations that began in previous years with support from grant funding and the ministry were completed. This included mediations and facilitations of 21 intermunicipal collaboration frameworks, two intermunicipal development plans, and two related cost-sharing agreements.

Several municipalities that had previously completed their intermunicipal collaboration frameworks moved this year to mediating outstanding cost-sharing agreements. Three mediations, involving 16 municipalities, continue to be mediated in areas such as recreation, fire services, water, and wastewater services.

The ministry also assisted a number of municipalities in understanding their mediation and legislated dispute resolution options, enabling them to decide on the most appropriate process for disputes around their intermunicipal collaboration framework or intermunicipal development plan. This preparation work resulted in ministry staff providing 22 presentations, four training sessions, and three convening and next-steps meetings with municipalities in 2020-21. This is the first time municipalities were required by the *Municipal Government Act* to complete intermunicipal collaboration frameworks, and the majority of municipalities have accessed support of some kind in the development of these frameworks.

Lessons Learned on Intermunicipal Collaboration Frameworks

With the culmination of the first full cycle of intermunicipal collaboration frameworks, numerous lessons have been learned. First, a few different paths to completing an intermunicipal collaboration framework emerged. While it was expected that many of these frameworks would be completed voluntarily and without significant dispute, it was also expected that a small minority of the 442 frameworks in the province would require the use of the mandatory arbitration provision to resolve remaining – sometimes longstanding – disputes between municipalities. Two other meaningful paths to completing intermunicipal collaboration frameworks have emerged. First, some municipalities completed their frameworks by confirming current arrangements for municipal and/or intermunicipal delivery, but with a mutual acknowledgement that there is interest to revisit some agreements in the next intermunicipal collaboration framework cycle. This allowed these municipalities to meet the legislative requirement for completion and mitigate a need for arbitration. Second, some municipalities moved into arbitration in advance of the legislated timeline, allowing them to make progress on resolving disputes earlier, and not waiting until after April 1, 2021 for resolution.

Since 2016-17, the Alberta Community Partnership has provided more than \$10 million of grant funding to support the development of intermunicipal collaboration frameworks and intermunicipal development plans.

Another lesson confirmed that mediation is a highly effective way to resolve disputes; in many cases, intermunicipal collaboration frameworks that were at risk of impasse, were completed. When mediation was pursued, approximately 90 per cent of disputes were resolved. The use of a neutral third-party to guide discussions has been shown to expedite a resolution, preserve relationships, and minimize costs.

Regional Services Commissions

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

As a commission, municipal authorities work collaboratively with each other to deliver effective and accessible services that are responsive to the needs of their communities. These authorities may include municipalities, First Nations, Metis Settlements, and armed forces bases.

Regional services commissions can deliver one or more services and can include water, wastewater, solid waste management, property assessment, emergency services, land-use planning, and transit.

The ministry streamlined provisions in the *Municipal Government Act* relating to regional services commissions in 2020, reducing – and in most cases – removing, the need for ministry approval for specific functions, including passing or revising board of director appointment bylaws, disposals of assets, and provision of services outside of members’ boundaries. Ministry staff delivered a training webinar about these changes to commission managers in March 2021.

Seventy-five regional services commissions established under the old legislative framework were maintained by Ministerial Order, ensuring their status and ability to continue operations were not affected. In 2020-21, one new regional services commission was established: The Edmonton Metropolitan Transit Services Commission was the first regional services commission formed under the new legislation.

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

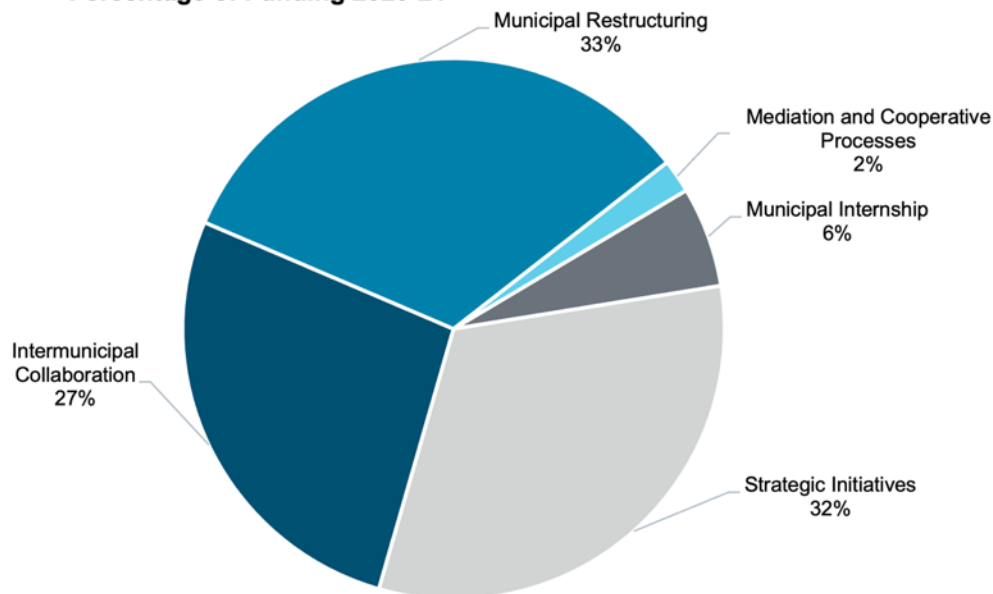
Alberta Community Partnership

The Alberta Community Partnership grant program enables municipalities to leverage funding to advance local and regional priorities across the province in a cost-effective manner, including municipal regional collaboration and capacity-building initiatives. The budget for the 2020-21 Alberta Community Partnership program was \$16.5 million (reduced in-year to \$8.4 million), with grants supporting projects under five component streams:

- Intermunicipal Collaboration;
- Municipal Restructuring;
- Mediation and Cooperative Processes;
- Municipal Internship; and
- Strategic Initiatives.

The program budget reduction was due to a \$1.1 million decrease to meet savings targets and a \$7 million one-time funding transfer to the Municipal Sustainability Initiative Capital component. This funding transfer was made to support transitional infrastructure funding to the Fishing Lake and Elizabeth Metis Settlements to assist with the adjustment to the dissolution of Improvement District 349 into the Municipal District of Bonnyville. A total of \$10.2 million in grants was supported under the program, with additional spending offset by surpluses in other grant programs.

Alberta Community Partnership Component Streams by Percentage of Funding 2020-21



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. The funding enables municipalities to undertake intermunicipal service delivery planning projects that can lead to shared services arrangements, greater efficiencies and economies of scale in the provision of services, resource optimization, and better access to services for Albertans. These studies often result in a more efficient fiscal approach to managing shared service delivery and building relationships.

The development of intermunicipal collaboration frameworks and intermunicipal development plans remained eligible under the Intermunicipal Collaboration component in 2020-21. In fact, expanded eligibility for this component focused support on regional partnerships that were proactive in regional emergency preparedness and risk mitigation, which was particularly valuable as municipalities responded and adapted to pressures associated with the COVID-19 pandemic. The component had a strong year, with 50 applications reviewed for projects related to health and safety; emergency preparedness/risk mitigation; operational efficiencies/reducing red tape; economic growth/business continuity; and the development of intermunicipal collaboration frameworks and intermunicipal development plans.

In 2020-21, the Intermunicipal Collaboration component provided \$3.07 million to municipalities across Alberta as they collaborated on 17 projects of regional significance. Projects included the following:

- The Village of Acme partnering with 16 neighbouring municipalities to update the Palliser Regional Municipal Services strategic plan, including the development of a regional services delivery framework to address service gaps, health and safety, long-term goals, and an equitable cost-sharing model.
- Smoky Lake County partnering with the Town of Smoky Lake and villages of Vilna and Waskatenau to conduct a regional fire services study.
- The Town of Onoway partnering with Alberta Beach and Lac Ste. Anne County to develop an economic development strategy and communication plan.

The outcomes of these projects include improvements to the immediate and long-term health of Albertans, fostering economic development and job creation, and an overall improvement in service delivery at a lower cost.

Grant accountability is a critical part of program delivery. To facilitate on-time reporting, a phased funding approach was introduced, whereby 25 per cent of funding was withheld until all reporting requirements were fully met. Ongoing monitoring and analysis will determine if this change has a positive impact on project reporting.

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 2020-21, \$295,000 was provided to three municipalities for infrastructure studies in support of viability reviews; \$2,994,000 was provided to the Special Areas, Parkland County, and the County of Vermilion River for transitional and infrastructure funding relating to the dissolutions of the villages of Cereal, Wabamun, and Dewberry; and \$425,000 went to regional governance studies involving 13 municipalities.

Mediation and Cooperative Processes

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

In 2020-21, \$191,900 was provided to support intermunicipal collaboration framework and intermunicipal development plan negotiations, collaborative governance projects, and mediation assistance.

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 \$682,000 in grant funding to help host municipalities cover the costs of hosting 11 administrator interns, six finance officer interns, and one land-use planner intern in 2020-21.

Strategic Initiatives

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

Under this component, the City of Red Deer was provided \$3.5 million to match a private donor contribution to establish an endowment fund for Westerner Park. Westerner Park is estimated to attract about 1.5 million visitors annually and generate approximately \$150 million in regional economic activity. The endowment fund will ensure the Westerner Park facilities are upgraded and maintained, and the region and province benefit from the events and activities offered at the site.

1.2 Support municipalities in continuing to strengthen municipal accountability and transparency through the Municipal Accountability Program, the municipal inspection process, and the annual Alberta Municipalities Measurement Index.

The COVID-19 pandemic and associated economic downturn combined to create an unprecedented set of challenges for municipalities in Alberta. These extraordinary challenges made it both more difficult and more

important than ever for municipalities to be governed and administered in a fiscally responsible and accountable manner.

Throughout the pandemic, Municipal Affairs provided advice and guidance to municipalities to assist them as they:

- ensured they were able to simultaneously support the needs of their communities, and remain transparent and accountable; and
- adhered to legislative requirements, including pandemic-related health orders from the Chief Medical Officer of Health (where possible, in order to mitigate COVID-19 transmissions, programs and services were changed to electronic offerings).

While supporting municipalities during the pandemic was the priority, work on ministry key initiatives continued. The Municipal Accountability Program continued to ensure municipalities met legislated requirements and that municipal inspection requests were processed in a timely manner.

Further supporting the goal of enhanced municipal accountability and transparency, in 2020-21, Municipal Affairs developed the Alberta Municipal Measurement Index. The index was designed to improve local government accountability and allow Albertans to evaluate the performance of their local government in comparison with other municipalities based on key fiscal indicators.

Municipal Accountability Program

The Municipal Accountability Program builds municipal administrative capacity and helps municipalities comply with mandatory legislative requirements within the purview of Municipal Affairs. This is a ministry-delivered, cyclical inspection program that focuses strictly on legislative compliance (authorized under section 571 of the *Municipal Government Act*). Municipalities participating in this process receive a review – once every five years at a minimum – where ministry staff meet with the municipality’s administration to examine a list of legislative requirements. The result is a customized report for each municipality, identifying areas of strength and also areas where specific corrections might be needed. Municipalities then have up to 12 months to achieve legislative compliance.

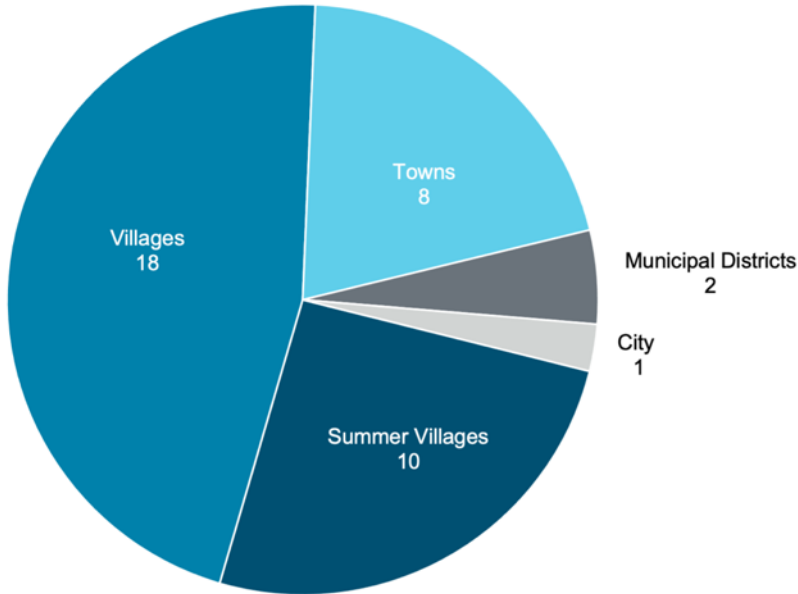
The *Municipal Government Act* contains numerous requirements that may at times seem overwhelming and difficult to manage for municipalities. Municipalities are also bound by other statutes and corresponding regulations. Compliance with these statutes and regulations is essential to good governance; the successful operation of a municipality; and the viability, safety, and well-being of a community.

In 2020-21, the population threshold for municipalities to participate in the Municipal Accountability Program was reduced from “less than 5,000” to “less than 2,500”, and the program cycle was increased from four years to five. A lower population threshold reduces the number of municipalities required to collect and submit documentation and to participate in the review process, and results in additional ministry resources being available to municipalities as they mitigate identified legislative gaps. This has aided in enhancing municipal capacity across the province. These changes were partly in response to fiscal reductions and the red tape reduction initiative, but also to refocus the program on smaller municipalities where the need for ministry support is typically higher. This resulted in a reduction in the overall number of municipalities receiving Municipal Accountability Program reviews (30 per cent) and the number of municipalities receiving a review in 2020 (from 60 municipalities to 38). Even with these changes, the Municipal Accountability Program still includes 200 municipalities, or 58 per cent of all municipalities in Alberta.

While the program is not mandatory for cities, improvement districts, special areas, unincorporated municipalities, or municipalities with populations above 2,500, it can be offered based on a request from council and approval of the minister. In the past fiscal year, one review was completed for a city, at its own request.

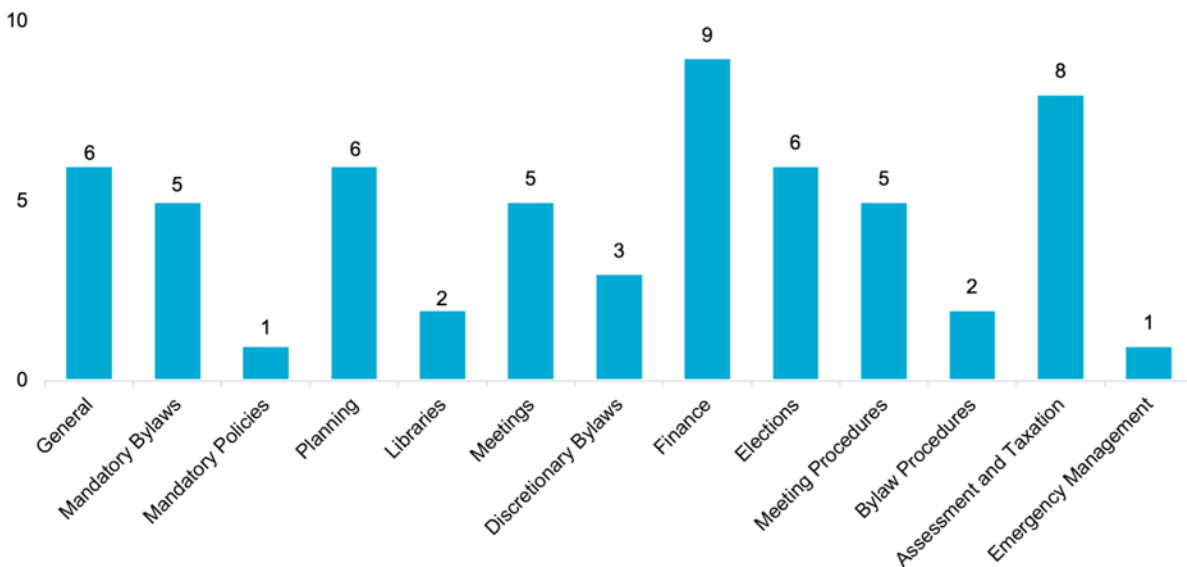
In 2020-21, the ministry conducted 39 Municipal Accountability Program reviews, as shown in the following graph, broken down by municipal status type.

2020 Municipal Accountability Program Reviews by Municipality Type



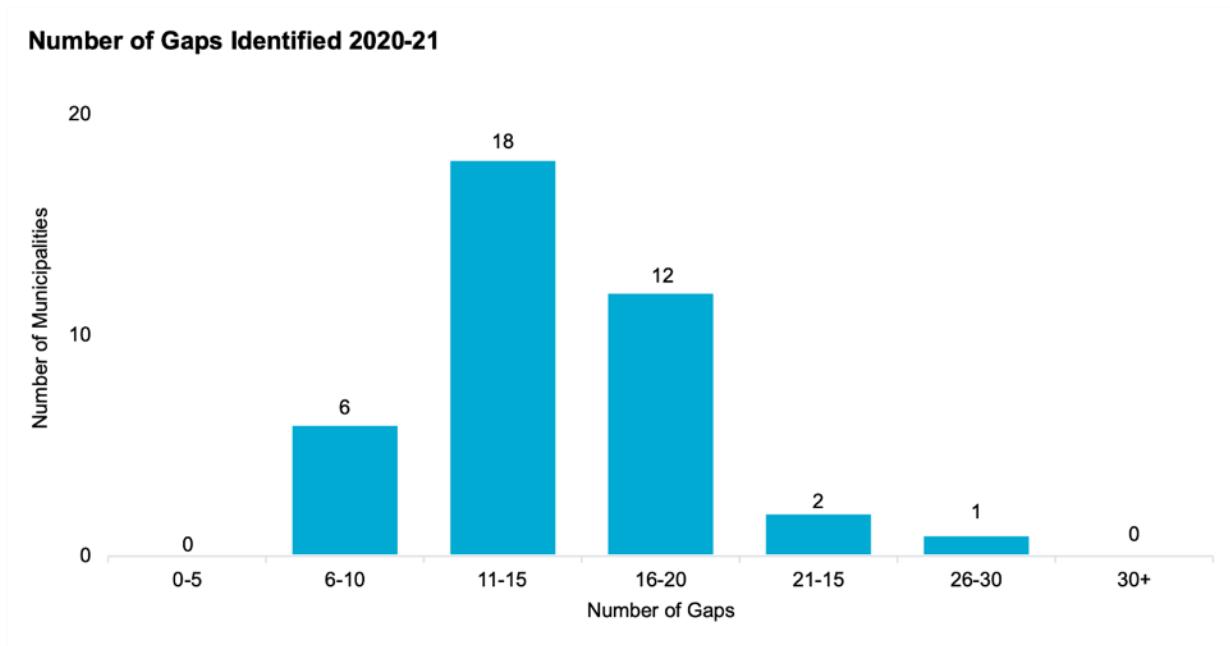
There were 13 major requirement categories reviewed in 2020-21, each with a varying number of specific topics that totaled 59 as shown in the graph below.

2020 Municipal Accountability Program Sections and Topics



In total, the 2020-21 report included a review of more than 200 legislative requirements distributed within the 59 topics covered.

Of the 39 reviews completed in 2020-21, the number of legislative non-compliant gaps identified varied from as few as six (90 per cent compliant) to as many as 27 (56 per cent compliant), as shown in the following graph.



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

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

Municipal Inspections/Corporate Reviews

Municipal Inspections

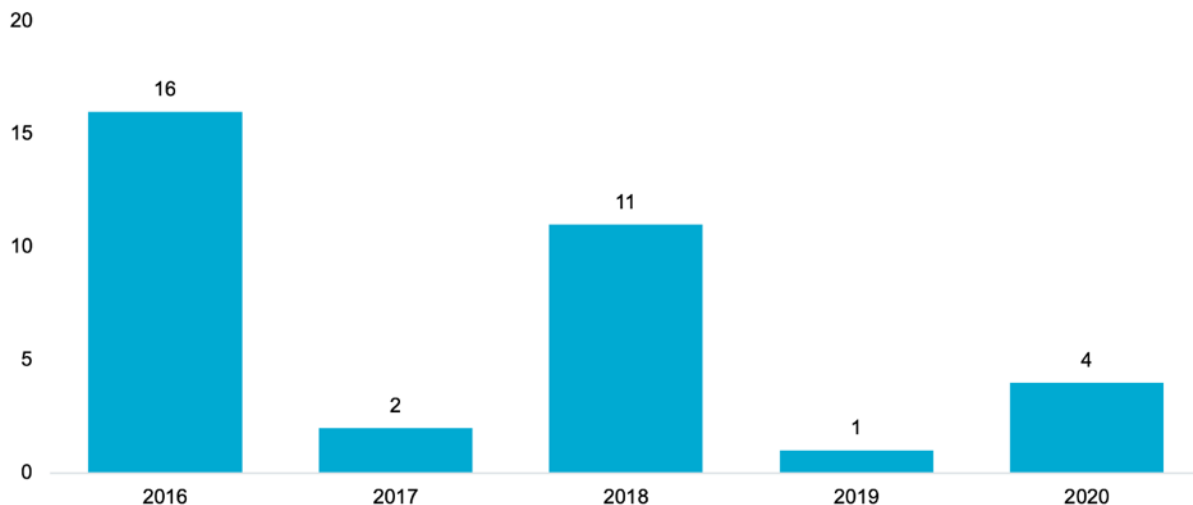
Inspections are ordered by the minister when, in the minister's opinion, significant governance or management concerns exist. Inspections are undertaken as a result of:

- 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. If there is indication of significant concerns, the minister will order an inspection. Inspectors are typically contracted through the Government of Alberta procurement process and must be appointed by Ministerial Order.

Over the past five years, 34 inspection requests were received, with the lowest number of requests being in 2019, which coincides with the implementation of the Municipal Accountability Program.

Inspection Requests 2016-20



While four inspection requests were received in 2020-21, the Minister of Municipal Affairs did not order any in-depth inspections as the concerns were mitigated through other means such as training or advisory services offerings or undertaking a municipal accountability review. One inspection request was a council request (the Village of Morrin) and three were in the form of elector petitions: the towns of Crossfield, Pincher Creek, and Coaldale.

Inspectors are typically appointed by contracting the services of an independent consultant through a competitive bid process. Recent annual expenditures for inspections are as follows:

- 2016-17: \$466,000.00
- 2017-18: \$80,000.00
- 2018-19: \$35,000.00
- 2019-20: \$0
- 2020-21: \$0

Alberta Municipal Measurement Index

On December 14, 2020, Municipal Affairs released an interactive Municipal Measurement Index dashboard.

The Municipal Measurement Index (<https://www.alberta.ca/municipal-measurement-index.aspx>) is a web-based application that provides Albertans with easy-to-access information about their communities. Through

the application, Albertans can explore and compare financial and statistical information for all of the province's 335 municipalities. The index includes data spanning several years, and will be updated annually with information provided by municipalities through Financial Information Returns and Statistical Information Returns.

Municipalities receive an “index value” based on population, equalized assessment, and geographic area that can be used to indicate whether municipalities are good comparators. This indexing helps Albertans compare similar municipalities. Albertans will be able to compare values such as property tax rates, property tax burden, composition of property tax base, revenue and expenses, and debt information – with an end-goal of improving transparency and accountability of municipalities to their citizens.

Performance Measure 1.a: Percentage of municipalities deemed to be not at risk based on financial and governance risk indicators

Prior Years' Results				2020-21 Target (2019)	2020-21 Actual (2019)
2016-17	2017-18 (2016)	2018-19 (2017)	2019-20 (2018)		
Not Available	91%	93%	94%	90%	94% ¹

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

The 2020-21 results reflect the 2019 calendar year (January 1 to December 31, 2019). The *Municipal Government Act* requires municipalities to submit a copy of their audited financial statements and financial information return to the ministry no later than May 1 for the year in which the documents were prepared. Because of the COVID-19 pandemic, the submission deadline was extended to October 1, 2020, for the 2019 reporting year. The impact of the pandemic on municipal finances will be reflected mainly in the next fiscal year (2021-22).

The percentage of municipalities deemed not at risk based on financial and governance indicators for 2019 was 94 per cent, exceeding the 90 per cent target. This target was set conservatively, based on historical results, as the performance measure is still relatively new. Going forward, as more data becomes available, the difference between target and actual result is expected to narrow.

Nineteen municipalities were deemed to be at risk based on financial and governance risk indicators in 2019. Eleven of these municipalities had at least one legislative ministerial action taken against them, and five of them had more than two ministerial interventions. Only one municipality received an auditor's note regarding its 2019 financial statements. Most municipalities are in fair financial situations and have no major issues identified with their audits.

The remaining eight municipalities were flagged because they triggered three or four non-critical indicators. The most triggered non-critical indicators related to tax collection and infrastructure investment, which are indicative of municipalities struggling with reduced municipal revenue and aging infrastructure.

On the whole, Alberta municipalities in 2019 performed on par with the 2018 reporting year. The numbers of municipalities that triggered each critical indicator or non-critical indicator generally decreased, with the exceptions of two non-critical indicators, debt to revenue percentage and infrastructure age. This echoes the problem of aging infrastructure, which may continue to be seen while the province recovers from the economic downturn and global pandemic.

1.3 Work collaboratively with municipalities and industry to improve the consistency and efficiency of the property assessment system by completing the transition to the centralized model for designated industrial property assessment.

Designated Industrial Property Assessment

Designated industrial property comprises linear property like petroleum producing wells and pipelines, the machinery and equipment at the petroleum wells and facilities, and other industrial properties like refineries and oil sands projects.

There are 240,000 assessed petroleum-producing wells in Alberta.

During the recent review of the *Municipal Government Act*, stakeholders identified the need for improved consistency, fairness, and transparency in the application of property assessment legislation, as well as the need for operational efficiencies and economies of scale in the assessment of oil and gas sector properties. In January 2018, the modernized *Municipal Government Act* transferred the responsibility for the assessment of designated industrial properties from municipalities to the provincial assessor within Municipal Affairs. The benefits of this centralized assessment model are being realized through continued, incremental improvements in consistency, fairness, and transparency in the application of legislation, as well as operational efficiencies and economies of scale that can be achieved under a single provincial assessment jurisdiction. Municipalities are no longer burdened by the monetary cost and administrative work of doing the assessments and defending them through the appeals process, and industry stakeholders no longer need to deal with multiple municipal assessment jurisdictions. There is greater consistency in the assessment of similar designated industrial properties – notwithstanding their location in the province – and access to assessment information is continuing to improve as the province moves toward automating the process within one information technology system.

To support a smooth transition to the centralized assessment model, the province entered into temporary assessment contracts with some municipalities. These contracted municipalities assess the designated industrial properties within the municipality on behalf of the province, under the guidance and direction of the provincial assessor. At the end of the 2020-21 fiscal year, 190 out of 227 municipalities had been integrated into the provincial assessor's office. This represents 84 per cent of municipalities in the province with designated industrial property. The ministry remains committed to working collaboratively with municipalities and other stakeholders to complete the transition to a centralized assessment model. Most recently, an executive advisory group was launched (October 2020) to regularly bring together leaders from industry and municipal associations to share ministry updates and to seek advisory input from stakeholders.

In 2020-21, Municipal Affairs completed about 597,000 designated industrial property assessments for about 1,400 assessed persons (companies), for approximately \$171.2 billion in assessed value. This is an increase of \$900 million from last year's assessment. These assessments yield approximately \$2.1 billion in municipal property taxes and \$285 million in education property tax for the province.

The assessment of designated industrial property is conducted on a full cost-recovery basis, which means the costs are recovered by the province through a requisition tax rate set annually by the minister. The 2021 requisition tax rate is \$0.0766 per \$1,000 of assessment to recover \$13 million for the program. The requisition is charged by municipalities to designated industrial property owners on their property tax notice and then submitted to the province to recover program costs, including preparing assessments and defending assessments before the Municipal Government Board.

To date, 190 out of 227 (84 per cent) municipalities have been integrated into the provincial assessor's office.

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. As in previous years, the ministry completed annual audits of all Alberta municipalities by measuring and comparing property assessments against market value to determine assessment levels. These assessment levels are used to complete the equalized assessment, ensuring education property tax requisitions and assessment-based grants are allocated fairly.

In 2020-21, assessment levels were confirmed for 339 of 342 municipalities – 99 per cent of Alberta municipalities were in compliance with all legislated quality standards. All municipalities reported and declared the required information by the legislated date.

In addition to annual audits, the ministry conducted 31 detailed audits of municipal assessment programs. This is a more in-depth, comprehensive quality review to ensure municipal assessments align.

1.4 Work collaboratively with municipalities and municipal associations in continuing to offer and develop tools and programs to support well-managed, accountable, and sustainable municipalities, including strategies to address unpaid linear property taxes and promote effective municipal asset management practices.

The 2020-21 fiscal year was an unprecedented one with respect to municipal advisory support and resource development. Municipalities relied heavily on the support of Municipal Affairs in finding creative solutions to allow for the maintenance of critical operations while adhering to necessary public health orders issued to combat the COVID-19 pandemic.

Because of the pandemic, 2020-21 marked the first year since 2013 that Municipal Affairs did not hold regional training sessions. The Regional Training Initiative is anticipated to return in a new and updated format following the fall 2021 municipal general election.

The primary focus for 2020-21 was supporting municipalities as they dealt with the impacts COVID-19 had on their governance and operations. Priority was placed on advisory services as well as putting necessary legislative modifications in place and preparing new support resources. As well, a new municipal pandemic response planning guide for Alberta municipalities was developed. More than 24 weekly (and after that, every two weeks) COVID-19 municipal governance updates that responded directly to specific governance and operational questions, were emailed directly to municipalities, regional service commissions and regional planning commissions. In addition, 39 Ministerial Orders were issued, providing extra time for municipalities to meet legislated requirements, providing greater flexibility to defer requirements, and eliminating the need for by-elections during the pandemic.

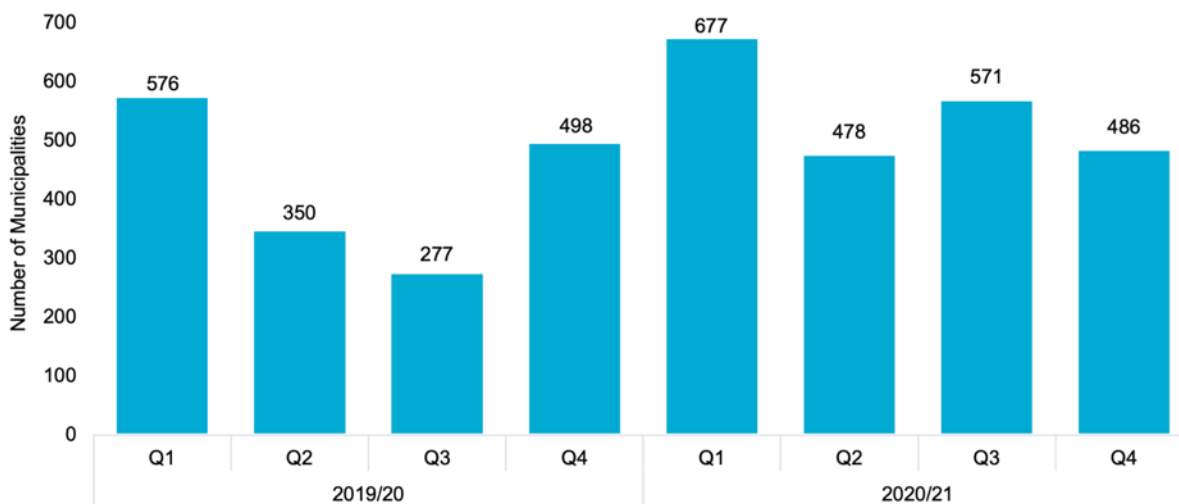
To assist municipalities in preparing for the 2021 general municipal election, virtual training sessions began in October 2020 – far earlier than in past years – to allow municipalities time to acquaint themselves with the changes made to the *Local Authorities Election Act* in 2020.

Following the 2017 election, a role for the Election Commissioner was introduced that involved enforcement of campaign finance and disclosure requirements, and third-party advertising in municipal elections. To ensure municipalities were fully informed of all that is required regarding the administration of Senate elections and any provincial referenda in conjunction with the 2021 municipal elections, Elections Alberta and Municipal Affairs partnered to develop and deliver municipal election training and offer advisory support.

Providing support and advice to municipalities as they contended with the challenges associated with the COVID-19 pandemic caused a large increase in advisory support calls and emails to the department.

Calls and emails increased by more than 45 per cent over the previous year.

Advisory Calls by Quarters



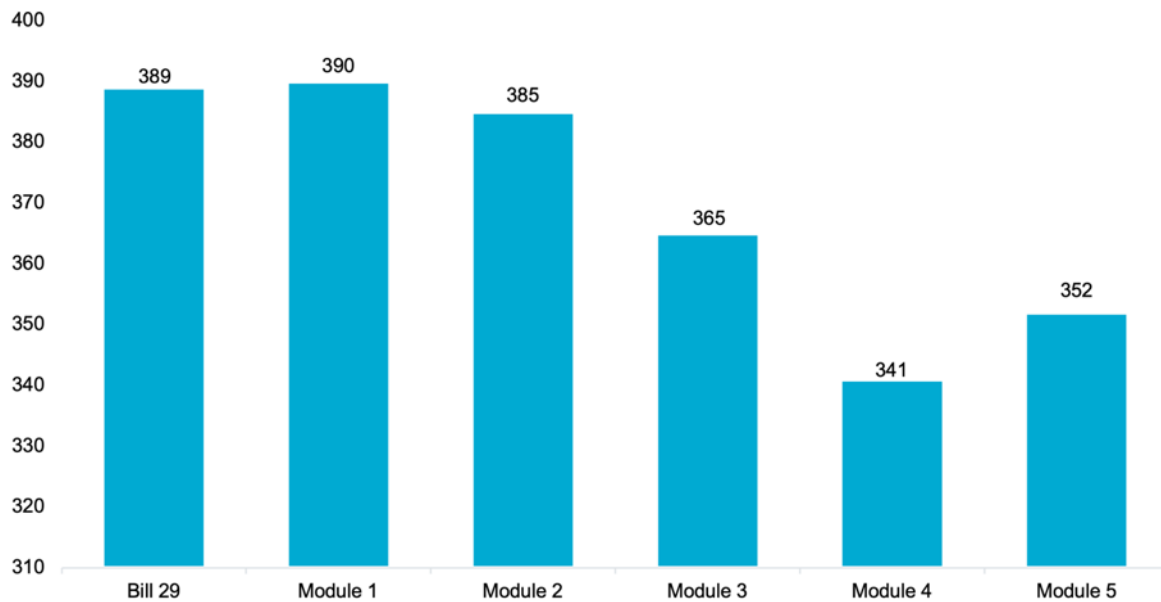
Training sessions in the 2020-21 fiscal year included:

- Bill 29: An overview of the amendments (October 2020) – 389 participants.
- Module 1: Election Considerations (November 2020) – 390 participants.
- Module 2: Nominations (November 2020) – 385 participants.
- Module 3: Campaign Finance (February 2021) – 365 participants.
- Module 4: Third Party Advertising (February/March 2021) – 341 participants.
- Module 5: Senate Elections and Referendum Votes (March 2021) – 352 participants.

Municipal Affairs also engaged with key municipal stakeholders to discuss potential risks relating to the 2021 municipal general election and identified some temporary modifications that could be made, if needed, to specific requirements under the *Local Authorities Election Act*. An example is the approval of Ministerial Order No. MSD: 130/20, enabling nomination deposits to also be paid by debit or credit card to avoid COVID-19 transmission risks with having to directly handle in-person payments in the form of cash or cheque.

The need for additional modifications will continue to be monitored and reviewed to ensure municipalities will have the appropriate ability to align election operations with public health orders or recommendations for the 2021 general municipal elections.

Session Participation



Viability Reviews

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

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

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; and
3. At the discretion of the minister if there is evidence that a municipality is facing significant challenges.

Six viability reviews were completed in 2020-21, including for the Town of Manning, and the villages of Bawlf, Cereal, Dewberry, Hythe, and Wabamun. Due to the COVID-19 pandemic and two declarations of public health emergencies, the final stages of five of the reviews were completed concurrently over a 10-week period from September-November 2020. This included the distribution of a viability review report to all residents and property owners within the municipalities, and holding in-person public information sessions and votes of electors. Following a virtual public information session, the Village of Hythe's vote was conducted on March 30-31, 2021; 95 per cent of votes cast were in favour of dissolution. Based on this result, the minister must recommend dissolution to provincial Cabinet. The results of the various local votes resulted in three dissolutions: the Village of Cereal into the Special Areas, the Village of Dewberry into the

County of Vermilion River, and the Village of Wabamun into Parkland County. The Town of Manning and the Village of Bawlf will each remain as municipalities, under directives ordered by the minister.

Two other viability reviews were initiated this year for the villages of Halkirk and Warner; infrastructure studies have been initiated in each municipality, supported by funding from the Alberta Community Partnership - Restructuring Study stream. Due to the hiatus that will be required for the 2021 general municipal election, these two viability reviews are expected to conclude in 2022. In addition, one viability screening was conducted but did not result in a viability review, following a previous elector petition for a viability review for the Village of Heisler.

Overall, the incidence of viability reviews remains very small in the context of the whole municipal sector. The nine viability reviews at various stages this year represent less than three per cent of all municipalities in Alberta as of April 1, 2020. This is relatively consistent with the number of reviews and dissolutions that have occurred over the last 10 years. The 10-year outcomes for viability reviews and dissolution studies are as follows:

- two are in progress;
- fourteen dissolved (one pending); and
- sixteen remained the same.

The Town of Granum falls into two categories with a dissolution study in 2011 that resulted in remaining a municipality and a viability review that resulted in dissolution in 2020.

Other Municipal Restructuring

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 voluntarily amalgamation if they believe they can operate more effectively or efficiently together rather than separately.

Under the Alberta Community Partnership's Restructuring Study stream, funding is provided to municipalities wanting to explore options that may lead to some form of municipal restructuring. In 2020-21, the Town of Rocky Mountain House was awarded a grant under the Municipal Restructuring stream to lead a regional governance study with Clearwater County and the Village of Caroline.

Clearwater County was also provided Alberta Community Partnership funding for a simultaneous study with the Village of Caroline to explore immediate amalgamation between the two municipalities.

In September 2020, the Town of Black Diamond and the Town of Turner Valley notified the minister of their intent to amalgamate and are taking the legislated steps toward a January 2023 implementation. The towns were approved for a grant to support facilitation of their negotiations and conduct public engagement. It is anticipated the towns will submit a formal application for amalgamation later in 2021.

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

In response to a 2019 elector petition, the ministry is leading a study to explore the feasibility of forming a new municipality that would constitute approximately half of the existing lands within Mackenzie County and the Town of Rainbow Lake. The study is being conducted with the support and close collaboration of the two impacted municipalities, and is expected to continue into 2022.

Municipal Internship

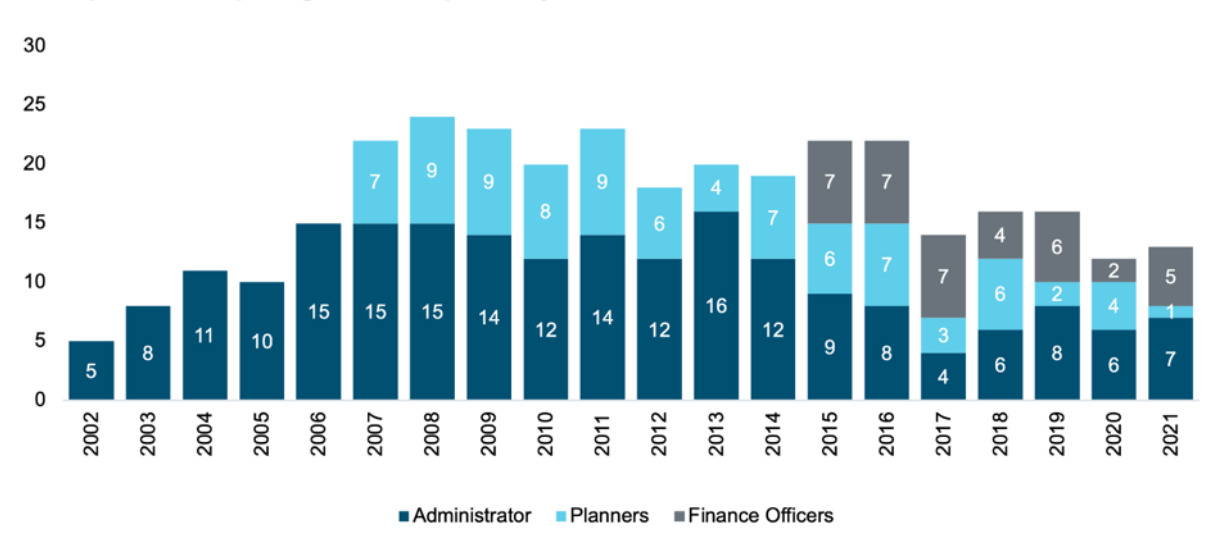
Municipal Affairs continues to offer the Municipal Internship Program, which is celebrating its 20th year. As the longest running program of its type in Canada, this partnership initiative continues to support Alberta’s municipalities and planning services agencies in providing jobs for recent post-secondary graduates who are eager to pursue their careers in municipal administration.

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

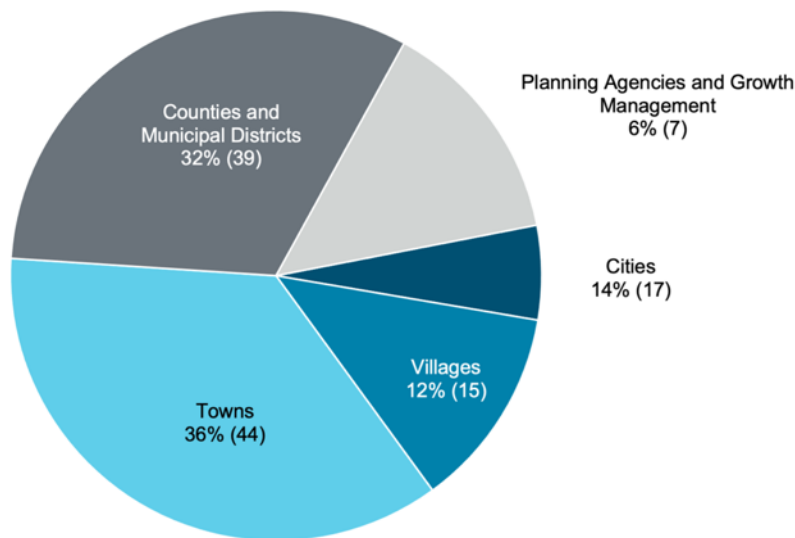
Of the more than 300 interns who have participated in the Internship Program since 2002, more than half are now employed in the municipal field, while a number of participants are employed in other public sectors. Many alumni of the program mentor, or directly supervise, municipal interns in their organizations.

In 2020-21, the ministry provided grant funding through the Alberta Community Partnership program to help municipalities cover the costs of hosting 11 administrator interns, one land-use planner intern, and six finance officer interns.

Municipal Internship Program Participation by Stream 2020-2021



Internship Hosts 2020-2021



Municipal Excellence/Minister’s Awards

The annual Minister’s Awards for Municipal Excellence serve to recognize successful initiatives among municipalities. The awards are evaluated by a review committee that includes representatives from:

- 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.

The 2020-21 fiscal year marked the 19th year of this awards program. This year, the submission deadline was extended from March 31 to May 31 to provide municipalities additional time to submit given the impacts of the COVID-19 pandemic. In total, 19 submissions were received for consideration and the following received awards from the minister:

Service Delivery Innovation Award:

City of Lethbridge Tax and Assessment with HEART

This is the first program in North America that provides an in-depth solution from a combined assessment, taxation, and community lens to address growing community issues. This program has helped vulnerable homeowners access literacy programs, agency supports, mental health assessments, budgeting skills, supports for hoarding issues, and help with language barriers. It also offers supports to deal with senior

abuse, dementia, substance abuse, and physical health matters. It is making lives of vulnerable Albertans better and safer, and it is helping prevent homelessness.

Partnership Award:

Town of Peace River Sunrise Medical Clinic

Collaborating across regional, public, and private spheres to improve access to healthcare in northern Alberta, the region created two facilities: Rotary House, which provides housing services for medical staff and patients, and Sunrise Medical Clinic, which provides expanded treatment space in a modern facility adjacent to the local hospital and makes practicing in the region more attractive to professionals.

Building Economic Strength Award:

Town of Taber and Lantic Inc. Wastewater Operations Collaboration

The Town of Taber entered a public-private partnership with Taber's local sugar factory, Lantic Inc., to operate their wastewater treatment plant. The town provided certified utility operators to oversee Lantic's wastewater program, and to assist with their maintenance plan and capital replacement plan. This has resulted in the generation of a working wastewater maintenance operational plan and a wastewater capital replacement plan that will serve this major employer's industry for many years to come.

Smaller Municipalities Award:

Town of Raymond Net Zero Solar Project

The Town of Raymond installed solar panels in an effort to be more environmentally friendly and to decrease electricity costs associated with running the municipality. Municipal operations are now electrically net-zero; the town generates (and sells) as much solar electricity as it consumes operationally.

Local Authorities Election Act Review

In February 2020, Municipal Affairs solicited feedback from Albertans on proposed amendments to the *Local Authorities Election Act* through an online engagement survey. The survey was open for four weeks and received more than 5,000 responses. In addition to the online public survey, Municipal Affairs held targeted in-person sessions with key stakeholder representatives including the Alberta Urban Municipalities Association, Rural Municipalities of Alberta, Local Government Administration Association of Alberta, Alberta Rural Municipal Administrators' Association, and the Alberta Municipal Clerks Association – as well as representatives from school boards and third-party advertisers.

Amendments to the *Local Authorities Election Act* were introduced in the Legislature on June 24, 2020, and received royal assent on July 23, 2020. The amendments came into force on September 1, 2020, and included:

- changes to campaign financing rules (defined the nomination period, clarified what happens to surplus funds, changed the candidate donation amounts),
- changes related to third-party advertising (removed “political advertising,” created a provincial registrar for third parties), and
- general clarifications and technical amendments to clarify the vouching process, identify how long election materials must be retained, and define the rules around appointing an official agent.

The goal of these amendments is to ensure fairness, increase accountability, and streamline requirements.

Additional amendments to the *Local Authorities Election Act* were introduced in the Legislature on November 4, 2020, and received royal assent on December 9, 2020. The amendments, which came into

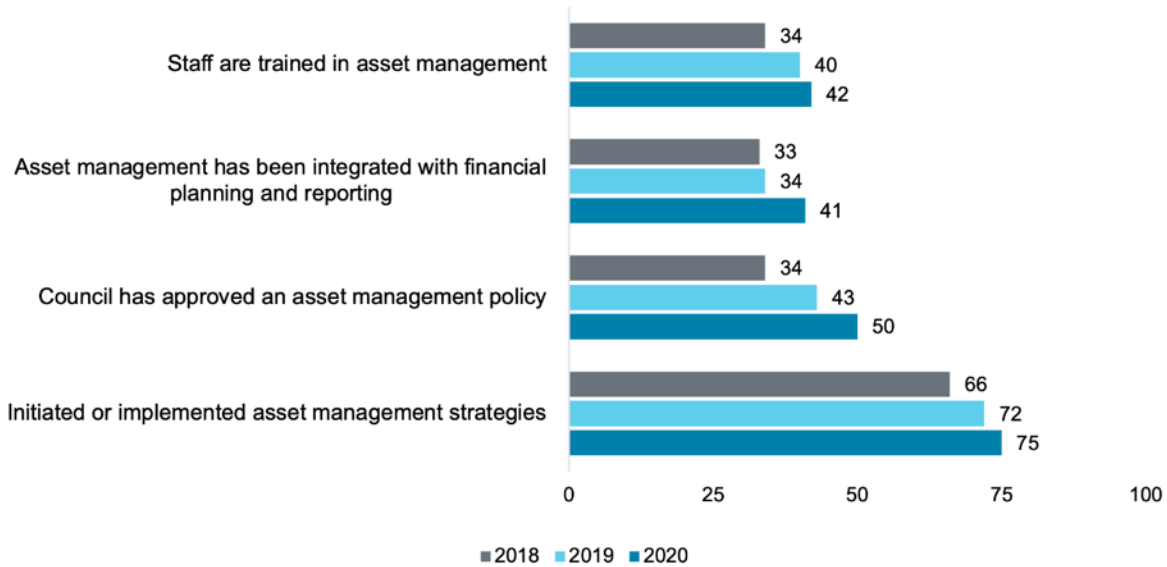
force on January 1, 2021, removed the ability of municipalities to hold election day on a Saturday in the year of a general election when a referendum or senate vote are held in conjunction with the municipal general election. This change will streamline procedures when a municipal general election is held in conjunction with provincial initiatives like a senate or referendum vote. The second amendment sets a contribution limit for third parties of \$30,000 in total.

Asset Management

Municipal Affairs continues to support the enhancement of asset management practices in municipalities. In addition to providing funding under the Municipal Sustainability Initiative Capital, Municipal Sustainability Initiative Operating, and federal Gas Tax Fund programs, Municipal Affairs supports and participates in Infrastructure Asset Management Alberta, a community of practice that supports and shares asset management best practices between local governments, associations, and private industry.

Municipal Affairs has conducted an annual survey of all municipalities’ asset management practices since 2017. The results have consistently demonstrated that municipalities continue to enhance their asset management programs. For example, the percentage of municipalities with asset management policies approved by council has increased from 34 per cent in 2018, to 43 per cent in 2019, to 50 per cent in 2020.

Selected Asset Management Survey Results*



*Survey of all municipalities and Metis Settlements conducted by Municipal Affairs. Response rate was 53% in 2018 and 56% in both 2019 and 2020.

Provincial Education Requisition Credit and Designated Industrial Requisition Credit Programs

To support municipalities as they address unpaid property taxes in relation to oil and gas properties, the Government of Alberta launched the Provincial Education Requisition Credit program in November 2017. Municipal Affairs facilitates this program 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 to the province by the municipality, 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 2020-21 fiscal year, 50 municipalities applied to the program, for a total claim of \$7.18 million. The program was extended for two additional years and is expected to operate until at least 2021-22.

The government also introduced the Designated Industrial Requisition Credit program to support municipalities as they address unpaid designated industrial property tax requisitions. As part of the government's commitment to red tape reduction, the intake processes for both programs were combined in 2019-20, resulting in less administration, and less duplication of work by municipalities that apply. For the 2020-21 fiscal year, this program received 42 applications from municipalities, for a total claim of \$164,845.

1.5 Provide funding to municipalities to help them meet their strategic long-term infrastructure needs and implement the new Local Government Fiscal Framework for municipal capital funding.

Municipal Sustainability Initiative

The Municipal Sustainability Initiative is Alberta's primary municipal infrastructure grant program. Since its inception in 2007, the program has directly helped municipalities make significant investments in local infrastructure, which promotes economic development, creates jobs, and meets the needs of Albertans. The program balances accountability and transparency with significant municipal autonomy to determine local priorities. Examples of program-funded infrastructure projects include: new and rehabilitated roads; light-rail transit lines and vehicles to support public transit; library buildings to support learning activities; recreational facilities to improve personal and community health and wellness; wastewater pumping facilities and lift stations that provide wastewater removal for residents; storm water retention ponds to protect municipalities from flooding; and fire halls to manage fire safety, services, and equipment.

In the 2020-21 fiscal year, the Municipal Sustainability Initiative funded the building, replacement or upgrade of 15 lane-kilometres on bridges across Alberta.

In 2020-21, the ministry provided \$1 billion in funding to municipalities through the program, including \$335 million from the Basic Municipal Transportation Grant component, and \$29.1 million under the Municipal Sustainability Initiative Operating component.

Since 2007, Alberta's municipalities have been allocated more than \$12.9 billion in Municipal Sustainability Initiative funding (including \$2.4 billion under the Basic Municipal Transportation Grant).

Municipal Sustainability Initiative Capital Funding

Municipal Sustainability Initiative funding for capital projects was \$970.9 million in 2020-21 (including \$335 million from the Basic Municipal Transportation Grant component). This funding supported a range of local infrastructure projects including:

- roads;
- bridges;
- public transit services, vehicles, and facilities;
- recreation, parks, sports, and community facilities;

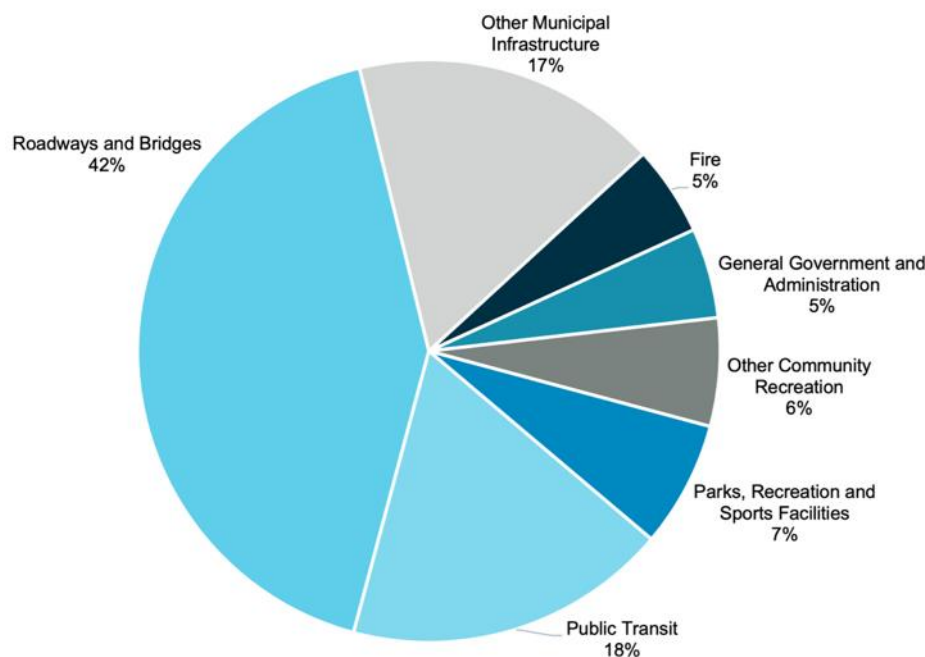
- water, wastewater, and storm water systems;
- disaster and emergency services and facilities; and
- other municipal infrastructure.

Annually, each municipality is allocated funding under the program. Normally, to access an annual allocation payment, a municipality must be up to date on program reporting and have committed their allocation to eligible projects. In light of the significant and urgent spending pressures on the provincial government as a result of the pandemic and economic downturn, a new step in the payment process for the 2020-21 capital allocation was implemented. To access payments, each municipality was asked to indicate if they intended to spend the payment on a new or existing Municipal Sustainability Initiative capital project in 2020. If not, the payment was not made until the first quarter of 2021, as the municipality did not immediately require the funding. This ensured capital funding was available as soon as it was needed in order to advance projects that were ready to proceed, and support jobs and economic activity in communities across Alberta.

To expedite project approvals and reduce costs, rather than sending letters through the mail, municipalities are now notified of the status of their Municipal Sustainability Initiative Capital applications via email notification and through the online application system.

Municipalities are accountable for providing a true estimation of costs for the appropriate use of grant funds. Applications include estimated project costs, and municipalities report annually on the status of each project and its expenditures. Since 2018, the statements of funding and expenditures from each municipality have been reviewed for alignment with municipal audited financial statements. This has not only ensured accurate program reporting, but it has also streamlined the review process, decreasing average review time by 92 per cent since 2016.

Capital Funding for Local Infrastructure Projects 2020-21



In 2020-21, municipalities committed \$1.17 billion of capital funding for 1,011 accepted projects. Some of the projects were:

- rehabilitating the paths, lights, stairs, and recreation infrastructure in the City of Edmonton's Beaumaris Lake park;
- purchasing 84 new light rail transit vehicles to accommodate growth in transit-oriented development in the City of Calgary;
- building a replacement fire hall in the City of Lloydminster, which includes drive-through truck bays and a training tower;
- replacing the Speers Creek Bridge in the Municipal District of Ranchland No. 66;
- installing a solar power system at the Town of Mayerthorpe's Exhibition Centre, thereby reducing the building's operating costs and adding power back into the electrical grid;
- rebuilding the Town of Coaldale's arena floor to improve the hockey rink's ice surface;
- preparing design and engineering plans for a new industrial park that will stimulate growth in the Town of Picture Butte;
- upgrading the wastewater treatment facility and irrigation system that serves the Town of Bassano;
- rehabilitating the Family and Community Support Services building in the Village of Cremona; and
- constructing a park and playground in the Summer Village of Whispering Hills.

Municipal Sustainability Initiative Operating Funding

The Municipal Sustainability Initiative provided \$29.1 million in operating grant funding to Alberta municipalities and Metis Settlements in 2020-21. This funding supports capacity-building activities to improve efficiency and effectiveness, municipal services, planning activities, and contributions to non-profit organizations. Of the budgeted \$30 million, \$0.9 million was transferred to capital funding at the request of municipalities.

Normally, funds are allocated by municipalities to projects supporting four main government-wide objectives: 1) municipal viability and long-term sustainability; 2) maintenance of safe, healthy, and vibrant communities; 3) the development and maintenance of core municipal infrastructure; and 4) capacity building.

In 2020-21, Municipal Sustainability Initiative Operating funding was provided on an unconditional basis to provide municipalities with additional flexibility and reduced administrative requirements as they respond to the COVID-19 pandemic.

Starting in 2019, as part of its strategy to reduce red tape, the Municipal Sustainability Initiative Operating Program no longer requires spending plans be submitted with estimates of how the funding was expected to be used. Instead, municipalities report annually on how the funding was expended on eligible activities in the prior year.

Local Government Fiscal Framework

Beginning in 2024-25, the Municipal Sustainability Initiative will be replaced with the new, long-term funding framework set out in the *Local Government Fiscal Framework Act*. The new funding framework will fulfill the government's commitment to provide predictable, long-term infrastructure funding for all municipalities.

Municipal capital funding will grow or decline each year based on half the rate of change in provincial revenue, with a three-year lag period for greater predictability.

This framework will enable Alberta communities to share in the benefits of the province's future economic growth, and the risks of future declines in provincial revenue. The *Local Government Fiscal Framework Act* assures municipalities they will continue to receive stable and predictable infrastructure funding every year, and this framework will be sustainable over the long-term. This will translate into greater certainty in municipal capital planning, and more efficient development of infrastructure to support economic development and employment across the province.

Municipal Affairs is finalizing a plan to engage municipalities in developing further details of the new funding framework, including the design of the program and a formula for funding allocation.

Capital and Operating Funding Support to Municipalities during the COVID-19 Pandemic

In 2020-21, the government provided significant support to municipalities through the Municipal Stimulus Program and the Municipal Operating Support Transfer.

Municipal Stimulus Program

In response to a severe slowdown in economic activity, the Municipal Stimulus Program was designed to distribute capital stimulus funding quickly and equitably across the province with the following primary objectives:

- sustain and create local jobs;
- enhance provincial competitiveness and productivity;
- position communities to participate in future economic growth; and
- reduce municipal red tape to promote job-creating private sector investment.

The Municipal Stimulus Program resulted in total direct economic stimulus of \$730 million (including municipal contributions), which is expected to create thousands of jobs.

In recognition of the urgency involved, the program was developed and launched over a period of five weeks to distribute \$500 million of municipal infrastructure funding. The program funds capital projects constructed during 2020 and 2021, and requires municipalities to take concrete actions to reduce red tape based on local priorities and circumstances.

The Municipal Stimulus Program was established at the end of July 2020, and \$500 million was distributed to municipalities on a per capita basis with a \$50,000 minimum for most municipalities; summer villages received a base of \$5,000 plus the per capita amount. By early fall, 506 projects from across the province had been identified and accepted. Municipalities committed \$499 million of the \$500 million

program budget to accepted projects, and \$46.9 million was paid to municipalities. The remainder of the funds will flow in 2021-22.

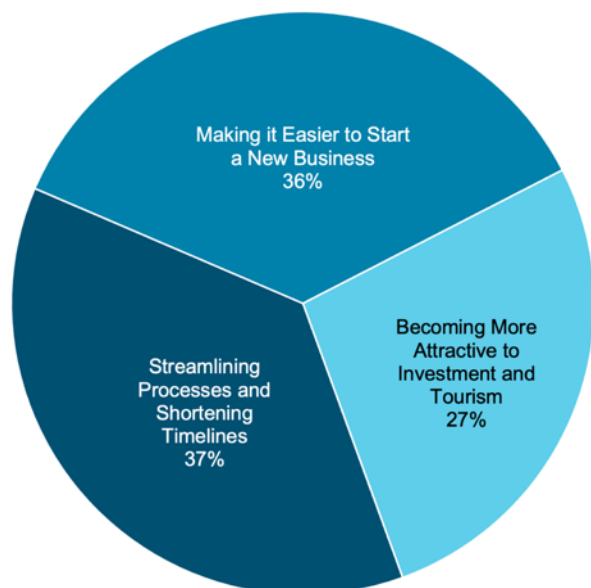
The program was targeted to support the immediate construction of roads, bridges, fire stations, water systems, and other critical local infrastructure. Examples of projects include the following:

- Constructing a highway interchange in the City of Airdrie, which will create approximately 400 jobs during the construction phase.
- Water, wastewater, and stormwater line construction to service Community Amenities Site and Lakeview Business District in the City of St. Albert. The project is expected to support the creation of more than 3,600 permanent jobs and enable private sector investment.
- Paving the G3 Resource Road in the County of Wetaskiwin, which will provide access to the G3 Canada grain handling facility. The project will ensure current traffic demand is met and facilitate further growth, including promoting new business development and area redevelopment.
- Red Deer County's broadband internet initiative will result in the construction of fibre optic internet infrastructure. The project will expand internet access for up to 40 per cent of residents.
- Replacing a portion of the Lion West Valley Park pedestrian bridge and rehabilitate the adjacent dam in the Town of Drayton Valley, which will provide opportunity for local contractors, enhance safety, and encourage active living.
- Extending the waterline along Railway Avenue in the Village of Bittern Lake to provide a water supply to properties in a commercial subdivision. The project will create jobs during the construction phase and allow for future development.
- Rehabilitating the fire station in the Village of Innisfree, including the installation of energy efficient lighting and repairs to the roof, doors, truck bay and cold storage – ensuring fire services meets the needs of residents and the business community.
- Using local contractors, reconstructing storm water conduits in the Summer Village of Sunset Point to help mitigate long-term flooding.

As a condition of the Municipal Stimulus Program, municipalities were required to commit to reducing red tape in at least one of the following areas: making it easier to start a new business, streamlining processes and shortening timelines for development and permit approvals, or making the municipality a more attractive destination for new investment or tourism. Reports on actions taken to reduce red tape in 2020 were required by February 1, 2021.

In 2020, actions taken by municipalities to reduce red tape were split between streamlining processes and shortening timelines (37 per cent) and making it easier to start a new business (36 per cent). Fewer actions were taken toward making the community more attractive for investment or tourism (27 per cent), perhaps due to activities under this objective requiring capital investments or infrastructure improvements. A similar trend was seen in the actions municipalities have planned for 2021, as cities, towns, municipal districts, and counties placed more emphasis on making it easier to start new businesses, while villages and summer villages focused on streamlining process and shortening timelines. Common themes included moving services online, investing in technology, evaluating and reducing processing timelines, partnering with organizations for regional economic development, and simplifying bylaws and regulations. A full analysis of the results, including potential best practices to be shared, will be completed in 2021-22.

Percentage of Actions Taken by Municipalities to Reduce Red Tape



Municipal Operating Support Transfer

The Municipal Operating Support Transfer was created to deliver urgently needed operating support to municipalities under the Safe Restart Agreement between Alberta and Canada. The Safe Restart Agreement included a federal investment of more than \$19 billion to help provinces and territories safely restart their economies and to build resiliency for possible future surges in cases of COVID-19. The agreement addresses increased municipal expenditures associated with COVID-19, such as personal protective equipment or enhanced cleaning; and mitigates the impact of reduced revenues due to lower economic activity, payment deferrals, and facility closures.

The Municipal Operating Support Transfer program distributed \$606 million of flexible operating funding to municipalities in 2020-21, under a 50/50 cost share between the provincial and federal governments. The provincial funding share included the \$30 million operating component of the Municipal Sustainability Initiative, which was made unconditional for 2020-21 in response to the pandemic.

In order to respond to municipalities’ emergent needs as quickly as possible, Municipal Affairs developed a simple and streamlined program to distribute the funding. As such, municipalities were able to access the funding quickly and conveniently, with few administrative requirements.

The program was announced on September 25, 2020, and funding was allocated to 342 eligible municipalities and Metis Settlements, of which 338 signed an agreement to participate in the program. In 2020-21, \$576.3 million was paid to municipalities as part of this program.

Federal Programs

Federal Gas Tax Fund

The federal Gas Tax Fund is a municipal infrastructure program fully funded by the federal government but administered by third parties. The program provides up-front, predictable long-term funding to help address local infrastructure priorities. In Alberta, Municipal Affairs administers the current program, which is a 10-year extension (2014-2024) to the previous federal Gas Tax Fund. The program is administered through a

bilateral agreement between Alberta and Canada. The province reports financial activities annually, and outcomes every five years, to the federal government.

In 2020-21, the federal Gas Tax Fund provided a total of \$244.1 million to the province to help municipalities build and revitalize their local public infrastructure, while creating jobs and long-term prosperity. In 2020-21, Alberta municipalities committed more than \$241.2 million of federal Gas Tax Fund funding for 372 new municipal infrastructure projects.

Eligible project categories include:

- roads and bridges;
- public transit;
- drinking water;
- wastewater;
- solid waste;
- community energy systems;
- sport, recreational, cultural, and tourism infrastructure;
- capacity building;
- disaster mitigation;
- brownfield redevelopment;
- broadband connectivity; and
- local and regional airports.

In fall 2020, Municipal Affairs participated in the annual federal Gas Tax Fund workshop, hosted by Infrastructure Canada. The group discussed the program to-date (it is now in year seven of the 10-year agreement), as well as potential program design improvements in advance of negotiations for the anticipated extension of the program.

Small Communities Fund

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

Since 2015-16, 35 projects have been completed, including the following four projects completed in 2020-21:

- County of St. Paul No. 19 (Joint Facultative Lagoon and Transfer Station Expansion Project).
- County of Wetaskiwin No. 10 (Alder Flats Wastewater Expansion).

- County of Grande Prairie No. 1 (116 Street Trunk Sewer and Clairmont Lagoon Discharge Piping).
- Municipal District of Foothills No. 31 (Millarville Water Supply Project).

The completed projects have had positive impacts on economic growth, the environment, and have helped to build stronger communities. For example, by July 2020, drinking water projects had geographically increased access to safe drinking water by 58 per cent, and wastewater projects had increased wastewater collection and treatment capacity by 48 per cent. As more projects from the program are completed, more beneficial outcomes are expected to continue to roll out.

In late 2020, the federal government initiated an audit of several grant programs, including the Small Communities Fund, and Municipal Affairs assisted the federal auditor in a review of the program. The audit report is under review by the federal government and Alberta is expected to receive the report in summer 2021.

Investing in Canada Infrastructure Program

The Government of Canada introduced the Investing in Canada Infrastructure Program in 2018-19. This program continues Canada's 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 \$3.65 billion to Alberta over 11 years.

In December 2018, Alberta and Canada amended the Integrated Bilateral Agreement for the Investing in Canada Infrastructure Fund, increasing the maximum federal commitment from \$3.4 billion to \$3.65 billion. In December 2020 a second amendment to the bilateral agreement was completed, which modified distribution levels under the original four funding streams and added a fifth funding stream – COVID-19 Resilience Infrastructure. Current federal commitments fall under the following five funding streams:

- Public Transit (\$2.1 billion).
- Green Infrastructure (\$1.17 billion).
- Community, Culture, and Recreation Infrastructure (\$140.3 million).
- Rural and Northern communities (\$152.3 million).
- COVID-19 Resilience Infrastructure (\$87.4 million).

Alberta Infrastructure was responsible for identifying eligible projects for this program's funding, while several Alberta ministries were designated as funding partners to align the federal funding with existing provincial funding programs. Municipal Affairs is the partner ministry for municipal projects under the following funding streams, where Municipal Sustainability Initiative funding is used as the matching provincial funding contribution:

- Community, Culture, and Recreation Infrastructure
- Rural and Northern Communities
- Green Infrastructure

Municipal Affairs is administering grant delivery for 24 of the projects approved for funding by the federal government during summer 2020. Funding agreements were executed in 2020, and these projects are now underway. Most are expected to be completed within the next four years. Grant recipients are reimbursed based on actual submitted costs, with these expenditures claimed back from the federal government.

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

Public libraries provide equitable information access to all residents of Alberta, even when the library buildings' doors are closed. Although public libraries were closed to the public for parts of 2020-21 due to public health restrictions related to COVID-19, Albertans still used library services to check out an ebook, participate in an online program, keep up with news from around the world, and much more. These services helped to build resiliency in Alberta's communities by connecting them to meaningful information and community supports during COVID-19 closures, and by providing safe access to physical materials when it was time to open.

Municipal Affairs supported public library services in many ways throughout 2020-21 including:

- providing virtual legislative consulting and training to ensure library boards had the tools to continue governing their libraries throughout the pandemic;
- ensuring library operating grant amounts remained stable through the 2020-21 year;
- supporting public library services for print-disabled Albertans and Indigenous populations in Alberta; and
- continuing to administer the Alberta Public Library Network – its electronic and resource delivery services were even more important in 2020-21 as e-content use increased by 250 per cent.

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

- interlibrary loan service and delivery;
- SuperNet connections for facilitating library operations and enabling high-speed internet to patrons; and
- a \$1 million e-content suite including ebooks and audiobooks.

Provincial Funding

Stable provincial funding for public libraries ensures library service remains equitable across the province. In 2020-21, the Government of Alberta provided \$30.2 million in operating grant funding to public library boards. The operating grant was paid to library boards in two 50 per cent installments – in April and September – to ensure boards had funds to serve their communities during the pandemic.

In addition, \$700,000 was provided to support on-reserve and on-settlement access to public library programs and services.

Response to COVID-19

Municipal Affairs supported library boards throughout the COVID-19 pandemic in many ways, including the distribution of more than 40 information circulars to library stakeholders regarding the pandemic and 12 information sheets for library boards and staff providing guidance on how to respond to COVID-19 restrictions and reopen safely. Municipal Affairs also held conference calls with library systems and city library leaders to provide direct updates and answer questions.

As part of the second phase of the Masks for Albertans program, Municipal Affairs facilitated the distribution of more than 800,000 masks to Alberta public libraries via government courier.

Electronic Resources

Municipal Affairs invests \$1 million annually in electronic resources for all public libraries across Alberta. This investment widens the range, quantity, and quality of library resources available to residents in all parts of the province, and helps ensure equitable access to resources for all Albertans. These services have been especially important this year with the closure of library buildings because of COVID-19 public health restrictions. E-resources funded in 2020-21 include:

- audiobooks and e-magazines through the e-content provider Recorded Books;
- PressReader, which provides international newspapers and magazines electronically; and
- Pronunciator, which provides language learning opportunities to Albertans.

The ministry continued its successful partnership with the Book Publishers Association of Alberta this year in support of the Read Alberta ebooks collection. This service makes nearly 2,000 Alberta-published ebooks available to readers across the province. Included in the Read Alberta ebooks collection is the Prairie Indigenous ebooks collection, which has 237 books written by Indigenous authors and published in Alberta, Saskatchewan, and Manitoba. To ensure these materials are available to all Albertans, the ministry partners with the National Network for Equitable Library Service to convert ebooks to accessible formats for readers with print disabilities.

The Voices of Amiskwaciy project, a partnership funded by the ministry and delivered by Edmonton Public Library, transitioned to a new site focusing on stories for Indigenous Peoples within Alberta called Voices of the Land in early 2021.

A stable, secure SuperNet connection allows public libraries to reliably provide online services within their buildings. The ministry funds SuperNet use for all libraries in the Public Library Network at a cost of \$2.5 million a year. SuperNet usage patterns are monitored, reviewed, and enhanced on an ongoing basis in order to ensure this access keeps up with user demand.

Services for People with Print Disabilities

The Alberta government prioritizes equitable access to library service. The ministry continues to support people with print disabilities by providing \$225,000 in combined funding to the National Network for Equitable Library Service and the Centre for Equitable Library Access. The ministry also provided \$50,000 to the National Network for Equitable Library Service to create three internship positions to assist with creating accessible format materials at the University of Alberta School of Library and Information Services.

Services for Indigenous Communities

In 2016-17, Municipal Affairs began providing \$700,000 annually to three large urban libraries and six regional library systems to serve neighbouring Indigenous populations outside municipal boundaries, and continued to do so in 2020-21. Traditionally underserved in Alberta public libraries, all on-reserve and on-settlement populations now have equitable access to public library resources.

An increasing number of public library and outreach services are emerging on-reserve and on-settlement, including the establishment of Indigenous outreach services at Alexis Nakota Sioux Nation, Cold Lake First Nation, Elizabeth Metis Settlement, Enoch Cree Nation, Goodfish Lake First Nation, Heart Lake First Nation, Maskwacis, Saddle Lake Cree Nation, and Sunchild First Nation School. Frog Lake First Nation and Fishing Lake Metis Settlement also established public libraries to deliver local service in 2020-21.

Ministry staff continued to deliver training on Indigenous library services, history, and culture to library board members and staff throughout 2020-21. This included online training to library boards and a virtual conference presentation.

Resource Sharing

Alberta libraries share materials to provide the broadest range of resources to all Albertans, regardless of where they live. This sharing is facilitated by electronic software, physical delivery of material by interlibrary loan, and a policy framework to govern these services.

After extensive consultations on a new distributed framework for resource sharing in 2019, ministry staff and Alberta public libraries began implementing this new framework in 2020. While the implementation of this model to public libraries was delayed by the shutdown of interlibrary loans from March until July 2020 due to the pandemic, this closure allowed ministry staff to finalize distribution processes so that the new model was ready to fully implement on reopening. When libraries closed again in December 2020, public access to interlibrary loans was stopped again until February 2021. This has resulted in a 30 per cent reduction of costs for interlibrary loans in 2020-21, compared to 2018-19.

Enhancing Governance

Municipal Affairs supports good governance of public library service by providing advisory services, training sessions on library governance, and other support materials to assist in developing sound management and operational practices. In 2020-21, Municipal Affairs delivered 12 online board orientation sessions to individual boards looking for governance training. Ministry staff also presented webinars and online conference sessions on topics such as guidelines for closing and reopening, library governance during COVID-19, strategic planning, board appointments, and board and staff relations. In addition, ministry staff continued to answer questions from individual library board and staff members looking for guidance.

Minister's Awards for Excellence

Since 2010, the Minister's Awards for Excellence in Public Library Service program has annually recognized public libraries with innovative and outstanding programs, services, or technologies. These awards identify and recognize best practices, and allow other libraries to replicate or modify these ideas in their own communities.

As these awards were not presented in 2019 due to the timing of the provincial election, the 2020 awards included submissions from 2019 and 2020. The three winners included:

City of Lethbridge Library Board: "Big Truck Petting Zoo"

The first ever Big Truck Petting Zoo event was held at the Crossings Branch of the Lethbridge Public Library in May 2019. The event was a partnership between the Lethbridge Public Library and the City of Lethbridge Public Operations. The Big Truck Petting Zoo gave participants a chance to touch the equipment and learn about its operation from heavy equipment operators. The idea was developed out of the City of Lethbridge Public Operations' desire to hold an event during National Public Works Week to highlight the work done by Public Operations staff.

The Public Operations departments were able to speak directly to attendees about safety around the equipment when they see it out "in the wild." They were also able to educate attendees about the services they run and inform participants about careers with the city in heavy equipment operation.

City of Spruce Grove Library Board: "New Beginnings Listening Circle"

The New Beginnings Listening Circle is a new library program based on traditional Indigenous talking circles, with an added focus on listening to members of the community who are willing to share their stories in a safe and welcoming environment. The program originated from the City of Spruce Grove Family and Community Support Services' New Beginnings project to “develop a tri-regional (Spruce Grove, Stony Plain and Parkland County) strategic response to the increasing number of Indigenous families and individuals seeking services from Spruce Grove, Stony Plain, and Parkland County.”

Town of Vulcan Library Board: “Reading to Build Community”

Reading to Build Community is a facilitated intervention targeting seniors at risk of loneliness and isolation by using literature to build social connections within members of a group. Rainbow Literacy and Learning and the Vulcan Library initiated the reading program that reaches out to three groups of residents in the local Extendicare facility to assist seniors at risk in building a sense of community. It was discovered that due to hearing loss in some seniors, conversation aides were needed. As a result, the Extendicare Auxiliary purchased Pocket Talkers (conversation amplifiers) for use in the group. These Pocket Talkers can also be borrowed by medical staff and family members to aid conversation outside of the program sessions. Materials that are modified to meet the varying abilities of those living with advancing physical and cognitive disabilities were purchased for use in this program by the Vulcan and District Agriculture Society.

Other Ministry Activities in Support of Outcome One

Grants in Place of Taxes

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

Despite the province’s difficult economic situation, continuing to provide grants in place of taxes payments demonstrates an acknowledgement of the vital services provided by municipalities in communities where Crown properties are located. The overall Grants in Place of Taxes program budget was reduced in 2019-20 and for following years. In 2020-21, the majority of the applications (tax notices) were paid at 50 per cent of the eligible amount. In total, \$28.9 million was provided for 167 municipalities on behalf of more than 4,700 Crown properties.

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 requisitions from municipalities, and they are also used in formulas for provincial grants to municipalities. The equalization of municipal property assessments is determined by adjusting each municipality’s taxable assessment to a common level, as prescribed by regulation.

Equalized assessment is a process that levels the playing field for municipalities, so property tax requisitions and grants can be fairly allocated. Just as property owners pay taxes in proportion to the value of the property they own, municipalities are required to contribute to the provincial education and other requisitions based on the proportion of assessment within their jurisdictions.

Intermunicipal fairness and equity is important when requisitioning property taxes from municipalities or calculating grants. It is usually necessary to make some adjustments in the assessment base figures each municipality reports to the province before those assessments are used to determine each municipality's contribution to a regional or provincial program, or its equitable share of grant dollars. These adjustments are made through the equalized assessment process to adjust each municipality's assessments to 100 per cent of market value. The equalization process removes the variations in assessment levels to make the assessment bases more comparable among municipalities. The process produces a set of adjusted, or equalized, assessments that can then be used to distribute requisitions, or allocate grants, among municipalities in a fair and equitable manner.

The official 2021 provincial equalized assessment was about \$950 billion, which is a decrease of approximately \$4 billion (0.41 per cent) from 2020. This decrease was a result of a small decline in residential (1.04 per cent), a slight increase in non-residential (0.6 per cent), and growth in machinery and equipment equalized assessment (0.95 per cent). Total equalized assessment is 64 per cent residential, 27 per cent non-residential, and nine per cent machinery and equipment.

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.

Education Property Tax Deferral

In response to significant economic challenges due to the COVID-19 pandemic, a six-month deferral of 2020 non-residential education property tax was announced in March 2020. Municipalities deferred the education portion of the tax bill, or provided an equivalent combined municipal and education tax deferral. The intent of the deferral was to keep businesses viable so they could continue to meet payroll obligations and employ as many Albertans as possible. Most municipalities worked in partnership with the province to implement the deferral and support local businesses.

Community Revitalization Levy

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

Because the levy utilizes education property tax revenue as a catalyst for development, the Government of Alberta has an interest in ensuring the continued success of this program. As a result, the establishment regulations expire every 10 years in order to prompt a review of their ongoing relevance and necessity. Two of Edmonton's regulations set to expire at the end of 2020 were therefore reviewed this past year; the province worked with the City of Edmonton to understand progress to date within each area's plan. Upon the review's completion, both the Belvedere and Quarters regulations were renewed. This authorizes the two community revitalization levies to operate for the full length of their intended 20-year terms – until 2031 for the Quarters, and until 2032 for Belvedere.

This program has been under review since 2013 while the government continues to look at how this tool will be used in the future.

Other Regulation Amendments

An amendment to section 8(2) of the Community Organization Property Tax Exemption Regulation was passed to allow exemption eligibility for non-profit bingo facilities licensed under the Alberta Gaming, Liquor, and Cannabis Corporation.

To further stimulate new drilling activity, the rates in the Well Drilling Equipment Tax Regulation were set to zero effective January 1, 2021. As payment of the well drilling equipment tax is no longer required, energy sector companies will be able to invest in drilling more wells.

The education property tax exemption for electricity power generation properties was extended to December 31, 2021.

Red Tape Reduction

The Ministry of Municipal Affairs is committed to the ongoing review of programs and services to ensure that the best possible outcomes are being achieved for Albertans. As part of this ongoing review, the ministry is committed to making life easier for hard-working Albertans and job creators by reducing regulatory requirements by one-third by 2023, and eliminating administrative burden through more efficient processes. This work will improve service delivery for Albertans; foster economic growth, innovation and competitiveness; create a strong and attractive investment climate; and make Alberta one of the freest and fastest moving economies in North America.

Outcome Two: Alberta's economic prosperity is facilitated by local governments

Key Objectives

- 2.1 Streamline regulatory requirements in municipal legislation and regulation that are hampering administrative efficiencies for municipalities, including a review of the regulations governing regional services commissions in the province. The proposed amendments will allow municipalities to be more responsive to the needs of their residents and businesses.**

Streamlining the formation and operation of regional services commissions

Bill 22, the *Red Tape Reduction Implementation Act, 2020*, focused on streamlining the formation and operation of regional services commissions under the *Municipal Government Act*. Commissions formed by municipalities now have greater control and flexibility over their operations and governance, and a reduced number of provincial approvals. Requirements previously housed in 80 separate regulations were repealed.

These changes were successful in reducing administrative inefficiencies for regional services commissions, enabling them to deliver services in a more effective way and reducing the burden on Cabinet for approving minor operational decisions that are more appropriately handled by the individual commissions.

Amalgamation of permitting and inspections of storage tank systems from the Petroleum Tank Management Association of Alberta to the Alberta Safety Codes Authority

As part of the Alberta government's focus on reducing red tape, the ministry transferred the management of petroleum storage tanks from the Petroleum Tank Management

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

Key Priority One:
Supporting Job Creation

Objective 3:
Reducing red tape

- Review the *Municipal Government Act*, focusing on ways to reduce regulatory burden and streamline provisions hampering administrative efficiencies for municipalities, citizens, businesses and industry.
- Bill 22: *Red Tape Reduction Implementation Act, 2020* included streamlining the formation and operation of regional services commissions under the *Municipal Government Act*. This will allow for commissions formed by municipalities to have greater control and flexibility over their operations and governance, and a reduced number of provincial approvals.
- Bill 48, the *Red Tape Reduction Implementation Act, 2020 (No. 2)* included numerous amendments to the planning sections of the *Municipal Government Act*. These changes will speed up subdivision and development permit approvals, and streamline the appeal processes for projects approved by a provincial regulator.

Association of Alberta to the Alberta Safety Codes Authority, a division of the Safety Codes Council. The Petroleum Tank Management Association of Alberta was a delegated administrative organization, with the responsibility for:

- registering all petroleum storage tanks;
- monitoring the in-use status of each tank in Alberta; and
- conducting inspections in both accredited and unaccredited municipalities with contracts for this service.

In Alberta, there are approximately 14,000 registered tanks and 4,400 storage tank sites. The transfer of the management of petroleum storage tanks was intended to consolidate responsibilities, improve service, and leverage economies of scale. This transfer of responsibilities is expected to reduce red tape by lowering costs for owners and decreasing wait times for inspections, including private, municipal, and industry stakeholders (such as Suncor, Shell, and Husky). On June 8, 2020, the Alberta Safety Codes Authority assumed responsibility for the storage tank program and began inspecting and monitoring the in-use status of storage tanks within Alberta. This transition will continue into the 2021-22 fiscal year.

Repealing the building assessment report under the *New Home Buyer Protection Act* – reduction of regulatory requirements

The requirement to complete a building assessment report was introduced under the *New Home Buyer Protection Act* in 2014. These reports were intended to provide information about the common property and common facilities in a condominium building, once construction had been completed, to inform warranty claims by the condominium board. Common property and common facilities refer to common areas in condominium buildings – such as hallways, elevators, and recreational amenities – and building exteriors, such as the roof. Following construction of the building, an engineer, architect, or technologist would complete a building assessment report in order to inform the condominium board of the condition of the building.

In fall 2019, stakeholders identified building assessment reports as an opportunity to reduce red tape for builders and industry through the government’s online red tape reduction website. In response, the ministry consulted key stakeholders, including condominium boards, condominium owners, warranty providers, municipalities, builders, architects, and engineers. These stakeholders indicated that building assessment reports for new condominium building construction were not consistently achieving their intended goal of providing condominium boards with a comprehensive overview of the common property and common facilities. A range of factors limited the value of these reports, including the timing of the formation of an owner-based condominium board, quality and completeness, and duplication with other documentation required during construction. At an average cost of \$383 per condominium unit, the reports were adding to the overall costs. The ministry determined the requirement for building assessment reports under the *New Home Buyer Protection Act* was causing unnecessary red tape for builders and industry, and moved forward with repealing these requirements.

Repealing the requirement for building assessment reports impacts the *Condominium Property Act*, which is administered by Service Alberta. In the *New Home Buyer Protection Act*, a building assessment report is completed for newly constructed condominiums, while the *Condominium Property Act* establishes the requirements for a building assessment report for conversion of existing homes to condominiums. The ministry has worked closely with Service Alberta on repealing the requirements for building assessment reports for newly constructed condominiums, and it continues to work closely with Service Alberta on the development of alternative tools to support condominium boards in the submission of home warranty claims.

In fall 2020, as part of Bill 48, the *Red Tape Reduction Implementation Act, 2020 (No. 2)*, Cabinet approved the proposed amendments to repeal building assessment report requirements from the *New Home Buyer Protection Act*, the New Home Buyer Protection (General) Regulation, and the New Home Buyer Protection (Ministerial) Regulation with an in-force date of July 1, 2021. This represented a regulatory reduction of approximately 12 per cent of the legislated requirements, and a cost reduction to builders and industry.

Other areas where regulatory requirements in municipal legislation were streamlined

- Consistent with the province's red tape reduction initiative and owing in part to the limitations imposed by the pandemic, the ministry successfully delivered assessment rolls to all municipalities for the first time through email. This reduced the requirements for labour, Universal Serial Buses (USB) wafers, envelopes, and postage. The ministry is continuing to promote the use of electronic delivery systems with stakeholders.
- The Municipal Sustainability Initiative Capital and Operating Program guidelines are no longer completely reissued annually; any significant changes are communicated through an addendum to the guidelines. Municipalities can now submit project applications at any time to be processed without having to wait for annual guidelines.
- Municipalities are now advised of the status of their Municipal Sustainability Initiative Capital applications via email notification and the Municipal Sustainability Initiative online system rather than by mail. Municipalities can determine the status of project submissions quickly without waiting for paper correspondence.
- Red tape reduction principles were included in the development of the Municipal Stimulus Program and the Municipal Operating Support Transfer program to ensure these were delivered in a streamlined manner. For example, no application form was required for the Municipal Operating Support Transfer program. As a result, municipalities received needed funding for COVID-19 support quickly and without submitting unnecessary paperwork. In addition, the ease of reporting on the use of the Municipal Operating Support Transfer program funding was evident when the reporting forms were emailed to municipalities and a completed report was received less than 10 minutes later. Furthermore, the flexibility of the Municipal Stimulus Program and simple program documents resulted in more than \$499 million of the \$500 million budget being quickly accessed by municipalities to support local jobs and economic development.

2.2 Enable municipalities to foster economic growth by ensuring they have the tools to do so, including facilitating pre-approved industrial zones and streamlining administration of special planning zones around the Edmonton and Calgary airports.

Pre-approved Industrial Zones

Municipal governments play a key role in establishing competitive economic investment environments and attracting and facilitating economic development in Alberta. A pre-approved industrial zone is an area designated for industrial development that has received advanced approval by regulators for a variety of interrelated industrial activities. Pre-approved industrial zones will provide another tool for municipalities to leverage in order to provide investors with the certainty necessary to make large capital investments. Pre-approved industrial zones will enable local governments to identify areas that are well-suited for development, and work efficiently and collaboratively with provincial regulators to support long-term investment and development in that area.

In February 2020, Municipal Affairs convened a working group with various Government of Alberta departments and representatives from the Alberta Industrial Heartland Association and the Northeast Capital Industrial Association. The working group began looking at opportunities and identifying barriers to pre-approved industrial zones. Going forward, policy development related to pre-approved industrial zones

will be led by the Ministry of Environment and Parks, which plays a larger role in the development and regulation of industrial properties and industries.

Airport Vicinity Protection Area Regulations

The Calgary and Edmonton International Airport Vicinity Protection Area regulations establish noise exposure forecast contours around airport lands based on expected noise levels from aircraft activity, and limits development within these contours. The regulations identify the types of development that will be permitted on these lands in order to ensure these developments are compatible with airport operations, based on federal Transport Canada guidelines.

Any request to allow restricted development within the protection area, which must be done through amendment of the regulation, is considered by the Minister of Municipal Affairs on a case-by-case basis. The Calgary International Airport Vicinity Protection Area Regulation has been amended to allow developments such as schools. Additional changes in 2021 will allow for the development of permanent supportive housing within the protection area. These changes should significantly reduce regulatory burden for future developments of this nature.

Likewise, a working group was created to explore ways to streamline the Edmonton International Airport Vicinity Protection Area Regulation, and to improve efficiency for development near the airport. This working group was tasked with developing recommendations to balance economic development with airport operations. The working group's recommendations have been taken under consideration, and will be included in a broader red tape reduction review of both airport regulations.

2.3 Develop and deliver on a red tape reduction plan to make sure the ministry's current and new regulations are free of unnecessary red tape, as required by the *Red Tape Reduction Act*.

The ministry established red tape reduction annual plans with information on the key initiatives targeted for completion in the 2020, 2021 and 2022 calendar years. The plans include a description of each initiative, its goals, and the projected impacts. The ministry completed several initiatives based on the 2020 plan and will continue to reduce red tape over the next two years.

Municipal Accountability Program Threshold Reduced

As part of the Government of Alberta's red tape reduction initiative, the population threshold for municipalities to participate in the Municipal Accountability Program was reduced from "less than 5,000" to "less than 2,500." In addition, the items reviewed were reduced by 30 per cent. A lower population threshold reduces the number of municipalities required to collect and submit documentation and to participate in the review process, and results in additional ministry resources being available to municipalities as they mitigate identified legislative gaps. This change has helped to enhance municipal capacity across the province.

The ministry also achieved significant reduction in regulatory burden through the reform of the Regional Services Commission Framework, removing more than 600 requirements through the repeal of more than 70 regulations. Regional services commissions no longer require provincial approval for changes to regional services commission services, changes to board of director bylaws, addition or removal of members or non-member municipal authority customers, disposal of assets, or regional services commission disestablishment.

Bill 29, the *Local Authorities Election Amendment Act, 2020*, and Bill 45, the *Local Authorities Election Amendment Act, 2020 (No. 2)*, included amendments that simplify municipal election process for municipalities, candidates, and Albertans.

Bill 48, the *Red Tape Reduction Implementation Act, 2020 (No. 2)*, included numerous amendments to the planning sections of the *Municipal Government Act*. Changes will speed up subdivision and development

permit approvals; streamline the appeal processes for projects approved by a provincial regulator; and consolidate the Municipal Government Board, Land Compensation Board, Surface Rights Board, and New Home Buyer Protection Board into the newly created Land and Property Rights Tribunal.

Many of these changes were based on targeted engagement with municipal associations, the cities of Edmonton and Calgary, and the development industry in August 2020. The focus of these discussions was to improve timelines, to increase transparency, and on other streamlining and clarification that simplifies processes for industry, municipalities, and Albertans.

The ministry also intends to consult with stakeholders in 2021 on potential amendments to the *Libraries Act* in order to reduce red tape that might be impeding libraries.

2.4 Develop new assessment models for wells, pipelines, and machinery and equipment for implementation in the 2021 tax year in order to modernize the regulated assessment system while promoting industry competitiveness and a predictable revenue base for municipalities.

In 2020-21, government concluded a review of the regulated assessment models for wells, pipelines, and wellsite machinery and equipment, which determine the assessed values of these assets for taxation purposes. A working group comprised of stakeholder associations was engaged in the process, and four potential assessment scenarios were discussed by the group – representing different combinations of assessment and tax policy. The scenarios balanced drivers such as attracting investment, maintaining viability of existing assets, promoting predictability and stability, and municipal viability.

The province decided not to proceed with comprehensive changes due to the current economic uncertainty and lack of consensus on the scenarios. The challenges facing Alberta’s oil and gas sector remain, and there are specific areas where our assessment and taxation system can be improved to support Alberta’s economic recovery and protect jobs in communities throughout the province. To that end, the province implemented the following measures to support economic recovery and provide much-needed certainty to industry, investors, municipalities, and other property taxpayers for the next three years:

- In order to encourage new investment, a three-year “property tax holiday” was instituted for all new well and pipeline assets; these properties will receive an assessment of zero for the next three years. This will be a savings to industry of approximately \$10-12 million per year in municipal taxes, and approximately \$3 million in education taxes.
- To further stimulate new drilling activity, the Well Drilling Equipment Tax was set to zero effective January 1, 2021. This tax cost industry \$23 million in 2020.
- Additional depreciation adjustments were provided for lower producing wells; this is expected to result in a reduction of approximately \$21 million in municipal taxes and \$7 million in education taxes province-wide.
- To promote continued viability of existing assets and companies, the previously introduced shallow gas assessment reduction of 35 per cent will also be maintained for the next three years. This represents approximately \$14 million in municipal taxes and \$4 million in education taxes.

In the coming year, the province will develop a plan for longer-term reviews of the regulated assessment system and remains committed to continued consultations and open dialogue.

Performance Measure 2.a: Regulatory requirements reduced across the ministry

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

For 2020-21, Municipal Affairs exceeded its 12 per cent regulatory requirement reduction target by more than 13 percentage points (25.3 per cent).

Reaching the 2020-21 target early will enable the ministry to focus on opportunities to reduce red tape – including at an administrative level – that may not result in a significant reduction to the number of regulatory requirements, but may still allow for programs and services to be accessed more efficiently and effectively.

The Government of Alberta is committed to reducing regulatory burden by one-third. A reduction in the number of regulatory requirements demonstrates a reduction in the overall regulatory burden imposed on Albertans.

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

Key Objectives

3.1 Align the safety codes system to a quality assurance framework that enables partners to act autonomously while holding them accountable.

Municipal Affairs is reliant on third-party delivery of the safety system by partners and delegated entities. To help provide strategic guidance, oversight, and monitoring of the safety system, Municipal Affairs developed the Quality Assurance Framework – a policy document that articulates roles, responsibilities and overall expectations of all safety system partners, and identifies five outcomes for the safety system. These outcomes are:

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

The Quality Assurance Framework provides the guiding direction and vision for the various initiatives of the department and its safety system partners.

Emergency Exemption under the *Safety Codes Act*

The emergency exemption that was issued this past spring in response to the COVID-19 pandemic, is an example of a recent initiative taken to bring the safety system more closely in line with the Quality Assurance Framework.

At the onset of the pandemic, it became apparent Alberta might need additional testing/health care facilities to mitigate the expected strain on the capacity of the health care system. For instance, a recreational facility was utilized temporarily as an accommodation facility for the homeless. Under the *Safety Codes Act*, if a permit is required for construction or operation, no person shall do so unless the person has the appropriate permit.

In normal times, permit requirements are useful for tracking and building municipal databases, but this administrative requirement – to apply and be approved for a permit – can create delays during a public health emergency. To remedy this, the ministry proposed a new power to suspend or modify requirements of the *Safety Codes Act*, by Order, when a state of emergency is declared under the *Public Health Act* or the *Emergency Management Act*. This amendment to the *Safety Codes Act* was approved and came into force on June 26, 2020, and the minister issued an order on July 7, 2020, retroactive to the date the public health emergency was declared. By executing this order during the COVID-19 pandemic, the minister was able to suspend specific permit requirements, without impacting overall safety objectives. This granted municipalities flexibility around enforcing normal permit requirements, while still upholding accountability to the safety codes system and ensuring overall outcomes align with the Quality Assurance Framework. This emergency exemption gave municipalities like Calgary and Edmonton the autonomy to mobilize resources in response to the pandemic. As a result, both cities were able to quickly set up drive-thru testing sites, without waiting for a permit.

Administrative Penalties under the *Safety Codes Act*

Administrative penalty provisions were amended under the *Safety Codes Act* to provide an additional tool to enforce and promote compliance with the Act. The use of penalties like these reflect the ministry's efforts to shift the approach to the safety system, as it provides an additional enforcement tool and will help in responding to matters of non-compliance.

An administrative penalty may be issued when a person has failed to comply with:

- certain provisions of the *Safety Codes Act*;
- an order made under the Act; or
- a condition in a permit, certificate, or variance issued under the Act.

Administrative penalties support improved compliance outcomes, but do not replace orders and prosecution under the *Safety Codes Act*. A penalty can be issued as a single amount, or an amount for each day the contravention or failure to comply continues, to a maximum daily amount of \$10,000 and a total penalty amount of \$100,000. Administrative penalties provide an alternative to issuing multiple orders or having to pursue lengthy court proceedings. Issuing such penalties is expected to reduce the administrative burden on Alberta's court system in cases where legal proceedings are unnecessary, or when orders are ineffective, as they do not include a monetary penalty to encourage compliance. An example of when an administrative penalty could be issued is if a bar is continually overcrowded. In this scenario, a safety codes officer may have written a number of orders asking the bar owner to manage the amount of people inside, as per the fire code. If the bar owner does not comply with those orders, an administrative penalty could be issued to motivate compliance with the fire code, as per the requirement of the *Safety Codes Act*.

Administrative penalties also support the government's red tape reduction strategy, as they provide an alternative tool for compliance and may remove the need for expensive and drawn-out court proceedings. With the recent finalization of administrative penalties under the *Safety Codes Act*, the legislation now authorizes a full array of enforcement tools – from orders, on one end of the spectrum (a direction to comply) to prosecution involving court proceedings. Administrative penalties fill the middle ground, where an order may not have been effective, and prosecution is not appropriate. Each of the compliance tools under the *Safety Codes Act* are designed to provide options for enforcing compliance within the safety system. This will ultimately result in greater safety outcomes for all Albertans.

The administrative penalty amendments received royal assent on July 23, 2020.

3.2 Represent Alberta and its interests during the development of national and international codes for potential adoption in Alberta.

The province of Alberta is represented and actively participates on a wide range of committees relating to the adoption of codes and standards for public safety. Alberta currently chairs the Provincial Territorial Policy Advisory Committee on Codes, which is made up of government-appointed officials and provides input and advice on the development of the national building, fire, plumbing, energy, and farm codes to the Canadian Commission on the Building and Fire Codes, and the Codes Centre at the National Research Council. This committee also acts as a forum for provinces and territories to share best practices and promote harmonization of construction codes across Canada, which reduces barriers to trade, labour, and investment. Harmonization of construction codes is important because it ensures each province adopts the most recent edition of the national safety codes and standards when building and designing new buildings or homes. It is important for Alberta to be an active, contributing member of this committee as it provides the opportunity to comment on potential code changes and advise the government (and stakeholders) on any

policy, cost impacts, or technical issues from current and future code development that may affect the province. In some cases, it has given Alberta the ability to advance different initiatives, such as the use of mass timber construction of up to 12 storeys in Alberta ahead of the national code publication.

Alberta is also represented on the National Public Safety Advisory Committee, which provides input and advice on the development of safety codes and standards applicable to gas, electrical, elevating devices, pressure vessels, and private sewage systems. As part of this advisory committee, Alberta has the opportunity to provide input and advice to standards development organizations accredited by the Standards Council of Canada, and to promote the harmonization of codes and standards across Canada in order to reduce barriers to trade, labour, and investment. Code harmonization refers to the consistent provincial adoption of the most recent editions of national and international safety codes and standards. When codes are not adopted in a timely manner, or consistently across the country, economic development and the use of new technologies by industry can be hindered. For example, the electrical code regulation adopts the CSA Canadian Electrical Code, which includes standards for electrical equipment and installations. Albertans will benefit from the most recent improved standards in new electrical equipment and installations.

Alberta is a member of the Provincial-Territorial Advisory Committee, a committee that looks at standardization issues from the perspective of the provincial and territorial governments. This committee promotes cooperation and communication between the provinces, the territories, and the Standards Council of Canada. It also encourages Alberta's participation in Canada's national standardization network. The committee's membership consists of representatives appointed by each provincial and territorial government. Alberta continues to work on the harmonization of codes and practices involving:

- verification of pressure vessel equipment under the Canadian Registration Number system; and
- improved consistency related to the gas-fitter trade under the Canadian Free Trade Agreement.

3.3 Reduce provincial trade barriers in safety codes.

The Canadian Free Trade Agreement is a pan-Canadian agreement between the federal, provincial, and territorial governments. The agreement aims to strengthen Canada's internal trade framework and reduce barriers to trade, which refers to the free movement of goods, services and investments within Canada. For example, there are regulatory differences among the provinces in relation to the trading of gasoline and oil across the country. As a result, the Canadian Free Trade Agreement established the Regulatory Reconciliation and Cooperation Table to help address barriers to trade, investment, and labour mobility within Canada and to cooperate in the development of future regulatory measures. The ministry participates on several working groups for reduction of trade barriers related to national codes and standards such as construction codes (building, fire, energy, and plumbing) and the registration process for approving pressure vessel equipment. In Alberta, these national codes, standards, and processes are regulated under the *Safety Codes Act*.

The Construction Codes Reconciliation Agreement, which came into force in all provinces and territories on June 1, 2020, allows free access to electronic versions of the national codes for building, fire, energy, plumbing, and farm buildings.

Construction codes were one of 24 measures to be addressed on the Regulatory Reconciliation and Cooperation Table's initial 2018-19 work plan. Construction codes are considered barriers as they can vary from province to province resulting in different code requirements, high compliance costs due to the multitude of variations and additional red tape for companies wanting to construct buildings in different locations across Canada. As a result, work commenced to promote regulatory cooperation across Canada to resolve this issue by working to provide builders with more consistent construction codes, among other supports.

Alberta chairs the Provincial Territorial Policy Advisory Committee on Codes, which is the working group that developed the Construction Codes Reconciliation Agreement and is responsible for its implementation. The Construction Codes Reconciliation Agreement came into force on June 1, 2020. Alberta signed the agreement on February 22, 2021, and all provinces and territories have endorsed the agreement, which allows for:

- free access to electronic versions of the codes;
- reduction and elimination of differences between codes;
- a more rigorous cost-benefit analysis of code changes; and
- a mandatory implementation period so the codes come into force across Canada within a set timeframe.

In addition, the agreement allows for a new governance model for the national code system that places provincial, territorial, and federal governments as the governing bodies.

3.4 Lower regulatory costs on new housing.

Building Assessment Report Repeal – Reducing the regulatory cost for industry and homeowners

In addition to reducing the number of legislative requirements within the *New Home Buyer Protection Act* and associated regulations, repealing the requirement for building assessment reports for newly constructed condominiums will result in savings for both builders and home buyers. Building assessment reports add approximately \$2.7 million per year to the cost of building condominiums in Alberta. The average cost of a building assessment report is about \$383 per condominium unit; however, for small-scale condominium projects involving triplexes and four-plexes, the building assessment report adds significantly higher costs per unit. Eliminating this report may also provide a measure of economic stimulus for small-scale condominium developers.

Building assessment reports for newly constructed condominiums will no longer be required after July 1, 2021. This reduction of regulatory requirements will result in savings for both the building industry and home buyers.

Reduced fees and processes for condominium developments, through the repeal of building assessment report requirements under the *New Home Buyer Protection Act*, may provide a measure of economic stimulus for small condominium development and will result in a savings of approximately \$2.7 million per year.

Residential Protection Program Review

The *New Home Buyer Protection Act* (2014) – administered by the ministry’s Residential Protection Program – includes both builder licensing and new home warranty. As part of the program’s ongoing evaluation, the ministry conducted a review in 2020 to evaluate the program’s performance and identify if it is achieving its intended outcomes, which include:

- effectively and efficiently delivering services in a manner that provides value for Albertans;
- ensuring new home warranty and builder licensing protects homeowners and holds residential builders accountable; and

During the 2020-21 fiscal year, there were 19,001 new home registrations in Alberta.

Single-family units comprised 50 per cent of the total in the fourth quarter of 2019-20, compared to 61 per cent in the fourth quarter of 2020-21.

- promoting code compliance and best practices in the construction of new homes.

During the review, program staff conducted an analysis of the state of the new home warranty system in Alberta and identified gaps where improvements could be made. After consultation with various stakeholders, the department put forward the following recommendations:

- Undertake a new home warranty market conduct examination.
- Improve complaint management and monitoring.
- Integrate builder licensing with the broader safety system.
- Identify builder competencies to inform training programs.
- Identify homeowner education needs and develop shared tools.
- Remove red tape to save Albertans time, money, and resources.

These recommendations will improve service delivery, encourage builders to follow better construction practices, and align the program with the Quality Assurance Framework. The recommendations were approved in fall 2020, the implementation plan was approved in early 2021, and changes will be initiated as soon as possible. To realize these improvements, the ministry is working with the program's advisory group and other ministries that share responsibility for builder and warranty-provider oversight (Treasury Board and Finance under the *Insurance Act*, and Service Alberta under the *Consumer Protection Act*).

As of March 31, 2021, there were 2,456 builders with an active residential builder licence. This included 1,926 renewal licences.

Risk-based Inspections

Municipal Affairs is supporting the Safety Codes Council as it works with municipalities to pursue risk-based inspections. Safety codes inspections currently constitute the primary quality assurance mechanism for confirming compliance within the safety system. Municipalities authorized to administer the *Safety Codes Act* must complete a minimum number of site inspections to ensure codes are being applied correctly at specified stages for a project, based on discipline and complexity. In the majority of these inspections, no issues are identified, but as a matter of adherence to the current processes, the inspection is still a requirement. Inspections are critical because they are the main mechanism to confirm that construction is built to code; however, inspections are also time-intensive and can create delays that have an economic impact. Approximately 120,000 inspections are conducted annually in Alberta.

Risk-based inspections constitute a shift in approach. Rather than establishing benchmarks for the number of inspections, risk-based inspections allow the authority having jurisdiction (such as a municipality accredited to administer the *Safety Codes Act* in their jurisdiction) to focus inspection resources in accordance with local data analysis. Risk-based inspections allow municipalities to use data to determine where they are most likely to find non-compliance and then focus their resources on those features, places, applicants or projects. For example, if data within a municipality indicates there are generally few or no issues with foundation inspections, inspection resources could be shifted to an area of construction with greater potential for non-compliance. Risk-based inspection is not about reducing the overall number of inspections being performed; it is about shifting the focus from a universal inspection approach, to one driven by evidence.

Under this approach, a municipality will be able to demonstrate statistically why certain elements of construction by a builder may not require a safety codes officer inspection. Where the risk is demonstrated to be minimal or non-existent, there can be fewer inspections. Where the risk is demonstrated to be greater,

additional inspections can be imposed. There will always be an initial and a final inspection by a safety codes officer for safe occupancy.

This approach to inspections aligns with one of the outcomes in the safety codes system’s Quality Assurance Framework: risk-based strategic priorities informed by data. Risk-based inspections are intended to provide autonomy for industry and municipalities when conducting inspections, without compromising public safety. Some Alberta municipalities have begun to explore how risk-based inspections can be implemented effectively. Municipal Affairs will continue to work with the Safety Codes Council to further pursue risk-based inspections where appropriate.

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

Prior Years' Results				2020-21 (2020) Target	2020-21 (2020) Actual
2016-17	2017-18	2018-19 (2018)	2019-20 (2019)		
Not Available	Not Available	0.83	0.80	0.87	0.59

In 2020, there were a combined total of 25 injuries and fatalities due to mechanical/structural failure in the 10 measured disciplines in the safety system, compared to 34 in 2019. The division’s mandate is to mitigate risk, and the low presence of injuries and fatalities suggests there continues to be a low level of risk in the system.

This figure directly measures the ministry’s performance in its mandate of risk mitigation by reporting on incidents in which risk was not mitigated.

The 2020 result represents a continuation of a positive trend that has seen the number of injuries and fatalities decline since 2017. There were nine fewer incidents in 2020 (25) than 2019 (34), and this past year represented the lowest number of incidents since 2014. This may be due, in part, to widespread behavioural changes as a result of the COVID-19 pandemic.

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

Prior Years' Results				2020
2016	2017	2018	2019	
6.20	7.11	5.12	4.05	3.0

In 2020, there were 130 injuries or fatalities identified across the safety disciplines that were not caused by structural or mechanical failures. The population of Alberta for 2020 was recorded as 4,271,759. As such, the number of injuries or fatalities per 100,000 population is 3.04.

This is down considerably from the 173 incidents in 2019, which was already down from 215 in 2018.

These numbers rely on data with a history of changing over time as more reports are submitted. This is especially true for numbers involving the fire discipline, which makes up a large share of the incidents reported. Numbers from the business plan may have changed, and the 2020 number listed here will also change as more reports are filed. The number will be updated and corrected in future business plans and annual reports.

The actuals in the 2019-23 business plan were arrived at using only six of the 10 disciplines now included in the measure. As this is still a fairly new metric, the numbers were expanded to include all disciplines under the *Safety Codes Act*. As a result, building, plumbing, gas, and private sewage incident numbers have been added and used in the calculation.

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

Prior Years' Results				2020
2016	2017	2018	2019	
402.85 ¹	102.76	100.26	80.37	87.25

Note: 1. The 2016 fire number includes the Wood Buffalo wildfire. When the wildfire is excluded, the number of fire reports per 100,000 population is 100.81.

The 2020 result represents an 8.6 per cent increase in fire reports over the previous year. For the past two years, the per-capita fires not related to structural or mechanical failure (and excluding Wood Buffalo wildfire-related events) has been significantly lower than the three years from 2016-18.

Since the population figure for both 2019 and 2020 are the same, the increase in 2020 is entirely due to an increase in the number of fire reports received by the fire commissioner. This increase applies to those fires not related to structural or mechanical failure; while it is not reported in this performance indicator, the per-capita number of fires that were the result of structural or mechanical failure has been nearly static for the past three years.

It was anticipated that the COVID-19 pandemic would decrease the overall number of fire reports in 2020, with reduced economic activity resulting in fewer fires. However, as in previous years, most fires occurred in residential properties, which generally saw greater activity in 2020 during periods of lockdown, remote working, and online schooling. Consequently, the anticipated decrease was not seen.

Outcome Four: Alberta is emergency-ready and resilient

Key Objectives

- 4.1 Work with and support communities in implementing recent changes to the emergency management legislative framework to improve emergency preparedness at the community-level.**

Community Emergency Management Plans

Under the *Emergency Management Act* and the Local Authority Emergency Management Regulation, every local authority in Alberta is required to have an emergency management plan. A local authority is considered to be the council of a city, town, village, summer village, county, municipal district, specialized municipality, Metis Settlement, or improvement district governed by a council. The Local Authority Emergency Management Regulation also specifies the minimum components that emergency plans must contain.

Regular emergency management planning enables communities to develop and maintain a coordinated and effective response strategy before an emergency or disaster occurs. With the COVID-19 health measures in place, ministry field officers transitioned to a hybrid model of the community emergency management plans review, including delivering virtual reviews when needed. In 2019-20, a new checklist was developed to guide the review of community emergency plans and was used to ensure this year's reviews were performed efficiently and with greater consistency. The checklist helped to provide greater consistency across regions and better transparency for local authorities.

In 2020-21, the Alberta Emergency Management Agency's regional field officers conducted 320 plan reviews out of a total of 384 municipalities in Alberta. This is a decrease from 334 plan reviews out of 392 communities – or 1.7 per cent – from the 2019-20 fiscal year.

Through an agreement with Indigenous Services Canada, the ministry also provides emergency management services and advice to First Nation communities, on-reserve. First Nations, like all other communities and municipalities, receive identical service levels from regional field officers. First Nations field officers ensure services are provided in a culturally appropriate manner; and in 2020-21, these officers reviewed a total of 23 emergency management plans for First Nations.

Performance Measure 4.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

Prior Years' Results			2020-21 Target	2020-21 Actual
2017-18	2018-19	2019-20		
96%	93%	85%	90%	83%

The result indicates that 83.3 per cent of communities 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 320 out of 384 communities.

Regional field officers completed visits and plan reviews for 300 out of 338 communities, while the First Nations field officers completed visits and plan reviews for 20 out of 46 communities.

This performance measure was first introduced in the 2016-19 Business Plan, with a target of 90 per cent and an actual result of 86.4 per cent. In the two immediate years after the performance measure was introduced, the target of 90 per cent was exceeded.

With a target of 90 per cent, the current 2020-21 result of 83.3 per cent is 6.7 per cent below the target. The result is also a decrease of 1.9 per cent from the previous year's result. The variance from the target is greater than the three per cent materiality threshold, so the result is outside of the expected range for this measure.

The primary factor that led to the actual result being outside of the expected range, is the operational disruption that the regional field officers experienced due to the COVID-19 pandemic. The impacts of the pandemic that were experienced across Alberta beginning in February 2020, limited the field officers' ability to complete scheduled plan reviews and community visits for the entirety of the fiscal year.

Over the past year, the field officers have been responsible for coordinating and working with municipal stakeholders as both the province and municipalities have responded to both the COVID-19 pandemic and other hazards such as fires and floods. The pandemic impacted both the field officers' and municipalities' ability to allocate adequate time and capacity to complete the work for this performance measure. In addition, hiring constraints delayed the recruitment of two field officer positions, which lowered the result in one of the field officer regions.

The plan review for the First Nation communities was down from 89 per cent to 43.5 per cent, which is attributable to the varied demands on staff resources due to the COVID-19 pandemic.

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. 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.

Municipal Regional Collaboration in Emergency Management

In 2020-21, the ministry continued to work with and support municipalities to ensure their compliance with the Local Authority Emergency Management Regulation, which came into force on January 1, 2020. The Local Authority Emergency Management Regulation outlines required governance structures for emergency management responsibilities: training, emergency exercise requirements, emergency management plan requirements, and options for regional collaboration. The ministry's field officers provide this support, and other departmental staff – who are in contact with communities – provide emergency management-related services and assistance, and respond to any questions or concerns that arise.

Since the regulation came into force, local authorities' awareness of their emergency management responsibilities has increased due to the establishment of minimum governance, training, and emergency exercise requirements. This has led several communities across Alberta – as they fulfilled their legislated emergency management requirements – to consider different types of regional collaboration. In the regional collaboration initiatives, communities are able to pool their collective resources and expertise, which improves the emergency management capacity of their region.

In 2020-21, the ministry assisted many communities as they moved toward a regional collaboration structure. This year, three separate initiatives were advanced and successfully established by Ministerial Order. These three initiatives allowed 15 municipalities to combine their resources and expertise to support the overall public safety of their communities. Several other municipalities are in the planning stages to enact regional collaboration initiatives.

Provincial Operations Centre

The ministry operates the Provincial Operations Centre with an annual budget of \$1.4 million. The operations centre facilitates the coordination of the Government of Alberta's response to emergencies and disasters. Staffed 24 hours a day, seven days a week, the centre is prepared to respond to requests from municipalities and Government of Alberta departments. There are four operational levels, beginning at Level 1, with successive elevation levels increasing to Level 4, the highest level. Each level depends on the severity of the emergency and corresponds with the appropriate type and level of staffing and activity required.

The Provincial Operations Centre was elevated to address several events in 2020-21. Most notably, the Provincial Operations Centre has been elevated continuously since the beginning of the COVID-19 pandemic response. The Provincial Operations Centre was elevated from January 30, 2020 to September 4, 2020, and November 24, 2020 to December 31, 2020, and has remained at Level 3 into 2021. Concurrent to the COVID-19 elevation, the Provincial Operation Centre responded to the 2020 Alberta spring flooding from April 23, 2020 to June 7, 2020, due to ice jams on both the Peace and Athabasca rivers, and June flooding (May 26, 2020 to June 17, 2020) due to high water and high precipitation events throughout Alberta.

For the 2020 Alberta spring flooding event, there were multiple communities impacted:

- Mackenzie County and the Regional Municipality of Wood Buffalo declared states of local emergency in response to flooding due to ice jams on both the Peace and Athabasca rivers. Communities impacted by these flooding events included Fort Vermilion and Fort McMurray. There were approximately 503 evacuees from Fort Vermilion and 3,860 evacuees from Fort McMurray. Additional communities and First Nations in both regions experienced overland flooding on roads and driveways.
- During the June floods, the impacted communities and regions included Exshaw, Alberta Beach, Sunset Point, Val Quentin, Acme, Lac La Biche, Redwater, Thorhild County, Elizabeth Metis Settlement, Lamont County, Chipewyan Prairie First Nation, Heart Lake First Nation, Buffalo Lake Metis Settlement, Louis Bull First Nation, Ermineskin Cree Nation, Frog Lake First Nation, Samson Cree Nation, Sucker Creek First Nation, and Lac Ste. Anne County.

Throughout the response to all these events, the Provincial Operations Centre continued to refine and improve processes. Health guidelines regarding physical distancing were followed by having staff work remotely rather than being physically present within the Provincial Operations Centre. An additional change included transitioning the Provincial Operations Centre to web-based briefings, which are used to build the common operating picture for all involved staff.

The Provincial Operations Centre implemented physical distancing, wearing masks, improved hand sanitizing, remote work, and virtual meetings whenever possible, in order to adhere to the Chief Medical Officer of Health's guidance and directions. Forty-seven emergency management graduates and students were hired to relieve staff from the extended duration of the activation and help provide continuity for an anticipated second wave of the COVID-19 pandemic. Other practices were implemented to ensure the safety of all staff in the Provincial Operations Centre, such as encouraging staff to work remotely where operationally possible, and appointing a safety officer responsible for ensuring best practices were implemented and followed.

In 2020, the Provincial Operations Centre was elevated above Level 1 for a total of 257 days (plus 90 days to March 31, 2021).

Comparatively, in 2019 the Provincial Operations Centre was elevated for 40 days, and in 2018, 22 days.

The pandemic introduced unique challenges with respect to providing a coordinated, effective, and efficient response, while following public health measures. With the flexibility and resiliency of Government of Alberta staff, the Provincial Operations Centre was able to effectively transition to a remote work environment and continue the coordination and collaboration required for the response.

Multiple post-incident assessments identified that the operational needs of the current Provincial Operations Centre building in Edmonton had outgrown its current space, and the continued maintenance of the building would be costly. To ensure the Provincial Operations Centre continues to meet the needs of Albertans and the Government of Alberta, the Muriel Stanley Venne Provincial Building was selected as the new location of the Provincial Operations Centre, as it met the specialized needs of emergency management coordination, with a capacity of 160 people. In collaboration with Alberta Infrastructure, the design and planning of this renovation was completed in January 2021. The goal is to transition all staff and operations from the existing Provincial Operations Centre to the Muriel Stanley Venne building in June 2021.

COVID-19 Pandemic

In response to the widespread nature and cascading impacts of the COVID-19 pandemic, the Government of Alberta formally declared a public health emergency on March 17, 2020, under the *Public Health Act*. This initial public health emergency ended on June 15, 2020; however, a second public health emergency was declared on November 24, 2020, and ended on February 22, 2021.

To support the Government of Alberta and local authorities' response to the pandemic, amendments to the *Emergency Management Act* were brought forward in March and April 2020. The first amendments, made under Bill 9, the *Emergency Management Amendment Act, 2020*, allowed for a provincially declared state of emergency to exist at the same time as a state of local emergency. The second amendments, made under Bill 13, the *Emergency Management Amendment Act, 2020 (No. 2)*, enabled municipalities to declare a 90-day state of local emergency for a pandemic, allowed electronic council meetings to declare a state of local emergency, clarified that it is an offence to not be compliant with an order made under an emergency declaration, and updated language related to pandemics in the legislation.

On March 14, 2020, the Pandemic Response Planning Team was established to work through issues for a whole-of-society response, and to provide the Government of Alberta with a multi-department planning capacity for the COVID-19 response in the medium and long-term. The planning team was led by two assistant deputy ministers, and was supported by subject-matter experts from every Government of Alberta department. The Pandemic Response Planning Team worked with Alberta Health as the lead department, the Provincial Operations Centre, and all other departments on the response to the pandemic. The planning team began to wind down its operations in mid-July 2020, and by mid-August, all supporting personnel returned to their home departments.

To support the COVID-19 pandemic response, the Alberta Bits and Pieces Program was developed as a way for businesses and citizens to submit unsolicited offers of products and services to help others during emergencies. The Provincial Operations Centre's Logistics Unit managed the program, connecting products and services offered by private, retail, industry, and non-profit organizations with Albertans looking for help.

Evacuation Guidelines in a COVID environment

When conducting evacuations in a COVID-19 environment, the safety of Albertans, first responders and emergency management personnel is imperative. In collaboration with Emergency Social Services, Alberta Health, and Alberta Health Services, guidelines on managing evacuations safely in a COVID-19 environment were developed between March and June 2020, and distributed to municipalities to ensure procedures and processes were accurately documented.

The guidelines include planning considerations, and best practices for conducting evacuations when COVID-19 is a threat in the community. The evacuation guidelines were reassessed in early 2021 in order to incorporate lessons learned, and to take into account the potential impacts of COVID-19 variants on the

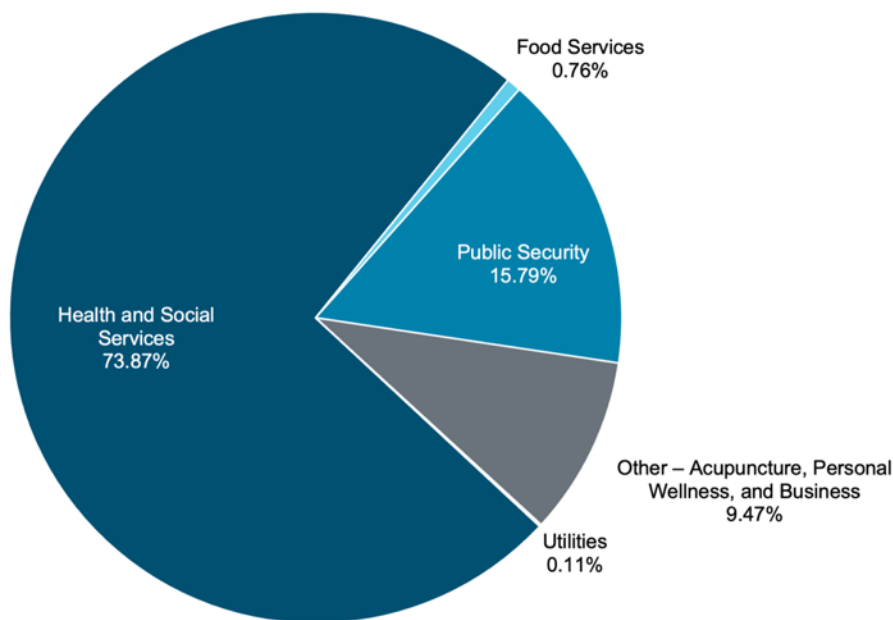
public while conducting evacuations. These guidelines will be revisited on a regular basis to respond to possible changes in the nature of the disease and guidance offered.

Personal Protective Equipment Task Force

In April 2020, the Alberta Emergency Management Agency established the Personal Protective Equipment Task Force in response to the COVID-19 pandemic and the rapidly expanding needs for personal protective equipment for numerous organizations across Alberta. The task force was established using core personnel from the Provincial Operations Centre Logistics section, along with additional wage staff who were hired to support operations in the warehouse.

Personal protective equipment refers to items worn to provide a barrier to help prevent potential exposure to an infectious disease. To assist with the timely provision of this equipment to stakeholders, the Provincial Operations Centre used the emergency procurement policy to obtain goods quickly, while following government procurement guidelines during an emergency. The Emergency Management Cabinet Committee determined distribution priority categories for personal protective equipment and equipment has been distributed to the following stakeholders:

Distribution of Personal Protective Equipment



Under the direction of Alberta Education, the task force coordinated the procurement and distribution of 1.9 million masks, along with face shields and hand sanitizer, to school boards in time for the reopening of schools in September 2020.

- Total budget in support of the provision of personal protective equipment to stakeholders in 2020-21 was \$76.8 million. As of March 2021, the Personal Protective Equipment Task Force received 19,566 product requests for items such as hand sanitizer, masks, gloves, gowns, and face shields. The task force received requests for 59 million individual products; 52 million products were ordered, and 51 million products shipped (discrepancies here can be attributed to product availability, and the fact stakeholders often amended, or canceled requests).

Throughout the response to COVID-19, personal protective equipment supply chains have been unpredictable, resulting in increased prices, reduced product availability, and shipping delays. Supply chain

issues and manufacturing delays continue to impact procurement efforts for specific personal protective equipment products (e.g. gloves), and there are no clear indications as to when supplies may return to pre-pandemic conditions. The task force continues to procure new supplies to establish a personal protective equipment stockpile, which will be provided for Albertans into 2021.

As operational requirements changed, the Personal Protective Equipment Task Force relocated their base of operations several times during the year. Initially, the task force was established at the Bonaventure warehouse, but due to space, docking, and access limitations, operations moved to the Muriel Stanley Venne Building. With the added requirement for a personal protective equipment stockpile, it was determined that a new warehouse and office space would also be necessary. In December 2020, the Personal Protective Equipment Task Force consolidated operations at the Yellowhead Distribution Centre. Transitioning warehouse operations a number of times over a short period added additional complexity to procurement and delivery timelines, as staff were required to adapt to new buildings and processes.

An innovative development by the task force was the design, development, and implementation of a new Customer Relationship Management system in May 2020. This application allowed all stakeholders to submit personal protective equipment requests through an online portal that provided cost information. This new system provided an integrated picture of the entire supply chain process, from procurement through to client delivery. This solution streamlined procurement, warehousing, delivery, and reporting.

Emergency Social Services

Alberta Emergency Management Agency's Emergency Social Services Unit

On November 1, 2020, the Provincial Emergency Social Services Unit and its associated annual budget of \$565,000 transferred from Community and Social Services to Municipal Affairs, and was renamed the Alberta Emergency Management Agency's Emergency Social Services Unit. During emergencies or disasters, this unit leads the coordination of provincial emergency social services support and mass care to local authorities. This unit also develops emergency social services education and training programs, planning guidelines, and templates to assist and support local authorities in developing tailored plans to support municipal or regional emergency management plans.

From March to August 2020, the Emergency Social Services team joined the Pandemic Response Planning Team to provide support to local authorities in responding to the human-impact aspect of the COVID-19 pandemic. This area led the development and implementation of plans for isolation accommodations and support to vulnerable populations throughout the province.

My Alberta Emergency Registration System

The innovative My Alberta Emergency Registration System, developed in conjunction with Service Alberta's Digital Services area, is an example of successful cross-departmental collaboration to tackle difficult problems. Previous practice required impacted individuals to travel to a registration facility and be physically present for a face-to-face registration process, which was time-consuming and made adhering to health guidelines difficult. The My Alberta Emergency Registration System gives Albertans the ability to register themselves and their family members with their local authority prior to, or during, an emergency by using a cell phone or computer. This eliminates the previous practice of requiring impacted individuals to travel to a registration facility and be physically present for a face-to-face registration process. This system helps local authorities ensure all relevant public health guidance is followed as they navigate emergency social services issues during COVID-19.

The Registration and Reception Centre Program

The Registration and Reception Centre Program was developed and implemented in 2018 during the response to the Chuckegg Creek wildfire. This program is a response to recommendations from past disaster reviews, most notably the KPMG report on the Wood Buffalo wildfire, detailing the requirement for an online registration system that allows municipalities to register, track, and monitor impacted residents during an emergency and enables providers to offer more effective and efficient services to evacuees. During the development of the My Alberta Emergency Registration System, the Registration and Reception Centre Program was modified to accept and distribute online registration data to the appropriate municipality. The revision of the program and its new modules allows a seamless integration with the My Alberta Emergency Registration System at a cost of \$98,260 to implement, including all associated cloud-based hosting costs for a two-year period.

Intergovernmental Collaboration

Since January 2018, Municipal Affairs has been the provincial and territorial co-chair for Senior Officials Responsible for Emergency Management, co-chair for Public Safety and Emergency Preparedness Canada, and chair of the Canadian Council of Emergency Management Organizations. Membership on these bodies includes representatives from federal, provincial, and territorial emergency management organizations across Canada. These organizations work to harmonize and improve emergency management practices, advance common public safety issues, and identify means to facilitate cross-jurisdictional mutual aid. On January 1, 2021, chair duties for these organizations transitioned to British Columbia and the Yukon.

On January 24, 2019, Senior Officials Responsible for Emergency Management endorsed a revised Emergency Management Strategy for Canada. The strategy's goal is to strengthen the resilience of Canadian society by 2030, and encourage and support federal, provincial, and territorial governments in the development of their own whole-of-society approaches to the reduction of disaster risk. An action plan is under development to guide the strategy's implementation. This plan was placed on hold in March 2020 because of the pandemic, but the group intends on restarting this work in 2021.

Alberta continues to provide support, resources, and guidance to the development of a national Public Safety Broadband Network and the National Public Alerting System, with ministry staff participating on related working groups. These national programs are designed to support enhanced emergency communications, such as local 911 services and public emergency alerting.

Alberta is also participating in the Government of Canada's Flood Insurance and Relocation Project. This work is intended to expand access to a national overland flood insurance program and support the development of relocation options for high flood-risk properties. The mandate of this task force is to examine options for low-cost residential flood insurance to residents of high-risk areas. It will also consider options for potential relocation for residents of areas at the highest risk of recurrent flooding. The Government of Canada is expecting recommendations from this work in April 2022.

Public Safety Committees

The ministry chairs the Assistant Deputy Ministers' and Deputy Ministers' Public Safety committees. These committees provide cross-departmental leadership and direction, both during major disasters and periods of regular business. Examples of the significant events where the committees provided coordination include the ongoing response to the COVID-19 pandemic, as well as to previous major events such as the 2013 southern Alberta floods and the 2016 Wood Buffalo wildfires.

In addition to these events, the committees serve to facilitate the cross-departmental review of significant improvements to Alberta's public safety system. Examples of this work include:

- the development of a provincial Hazard Identification and Risk Assessment Framework;

- the creation of a Provincial Recovery Framework; and
- the review and revision of the *Emergency Management Act* in 2018.

The committees were key in the province's COVID-19 response following the province of Alberta's March 17, 2020, declaration of a state of public health emergency under the *Public Health Act*. Prior to the declaration, the committees were actively engaged in the preparation for, and initial response to, the event, including supporting the province's Emergency Management Cabinet Committee, and ensuring timely and effective cross-government coordination.

4.2 Improve Alberta's emergency preparedness and response capability through further development of regional incident management teams, and updating the Alberta Emergency Plan.

All-Hazard Incident Management Teams

In the 2020-21 fiscal year, Municipal Affairs continued to support the development and growth of five all-hazard incident management teams in Alberta. The teams have membership from municipalities, industry representatives, and volunteers. The teams are designed to augment and support a municipality that is responding to a significant emergency or disaster event that is stretching its internal capacity to respond, so that the municipality can conduct an efficient and effective response.

The planned regional all-hazard incident management teams' training schedule was limited due to the impacts of the COVID-19 pandemic. Only five training sessions were completed, which included a virtual session delivered by the Alberta Emergency Management Agency to the central region all-hazard incident management team. In response to observations gained from the exercise, the central region team has revised their techniques and processes. These were tested during an internal team exercise in February 2021, and again in March 2021, with support from the Alberta Emergency Management Agency's regional field officers. Once the virtual all-hazard incident management teams' training has been deemed successful, the virtual exercise and associated processes will be made available to the other regional all-hazard incident management teams in the 2021-22 fiscal year.

Four key outcomes are associated with the development of all-hazard 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. Building deeper relationships and trust among participants and across the provincial public safety system. This is further enhanced with mentors from existing all-hazard incident management teams, and other experts, as part of the training program.
4. Enhanced Incident Command System knowledge and skills greatly assist in facilitating municipal unified command with Alberta Wildfire (Environment and Parks) in a wildland urban interface environment.

Examples of the support and additional capacity that the all-hazard incident management teams offer are found in the response to the flooding events in the Regional Municipality of Wood Buffalo and Mackenzie County in 2020. The northeast team was able to provide experienced and trained personnel to the Regional Municipality of Wood Buffalo to assist with the response to the ice jam flooding and the evacuation of residents. The northwest team was able to provide personnel that assisted with the response to ice jam flooding in Mackenzie County and Fort Vermilion in 2020. The additional support provided by the

incident management teams contributed to the effective management of the response, especially with the additional complexity of managing the response in a pandemic environment.

The all-hazard incident management teams are funded through \$250,000 in annual conditional grant funding distributed between the Government of Alberta and the Town of High Level, the Capital Region Emergency Preparedness Program, Red Deer County, the City of Medicine Hat, and the City of Cold Lake.

Alberta Emergency Plan Review

The Alberta Emergency Plan, required under the Government Emergency Management Regulation, describes the emergency management system in Alberta and the roles and responsibilities of emergency management partners. It also outlines the policies, processes, and procedures for a coordinated and effective emergency response. The previous version of the Alberta Emergency Plan was issued in 2015, and since that time, the emergency management system in Alberta has gone through some significant developments following several significant emergencies, including the 2016 Wood Buffalo wildfires, the 2017 Kenow wildfire, and the 2019 Chuckegg Creek wildfire. The lessons learned from these events have led to system-wide developments and associated amendments to emergency management legislation. A comprehensive review of the Alberta Emergency Plan commenced in 2019 to ensure validity and continuous improvement of the plan.

The impact of COVID-19 on the ministry's operations required that work related to the review of the Alberta Emergency Plan was paused in spring and summer 2020, as staff were dedicated to pandemic response activities. As the pandemic's effect on the ministry's operations lessened, work on the plan continued in fall 2020. The review required engagement with all Government of Alberta departments, and feedback was incorporated into a final draft of the Alberta Emergency Plan 2021. This draft was presented to both the Assistant Deputy Ministers' Public Safety Committee and the Deputy Ministers' Public Safety Committee for review and feedback. The revised Alberta Emergency Plan:

- captures improvements to Alberta's public safety system and provides a clear roadmap for future system modernization;
- describes how the Government of Alberta will work with emergency management partners in an all-hazards framework; and
- aligns with the recently amended *Emergency Management Act* and the Local Authority Emergency Management Regulation.

The Minister of Municipal Affairs approved the 2021 Alberta Emergency Plan in spring 2021, and the Alberta Emergency Management Agency is now focused on building stakeholder awareness of the revised plan. Any feedback gathered from stakeholders will be considered during future reviews of the Alberta Emergency Plan.

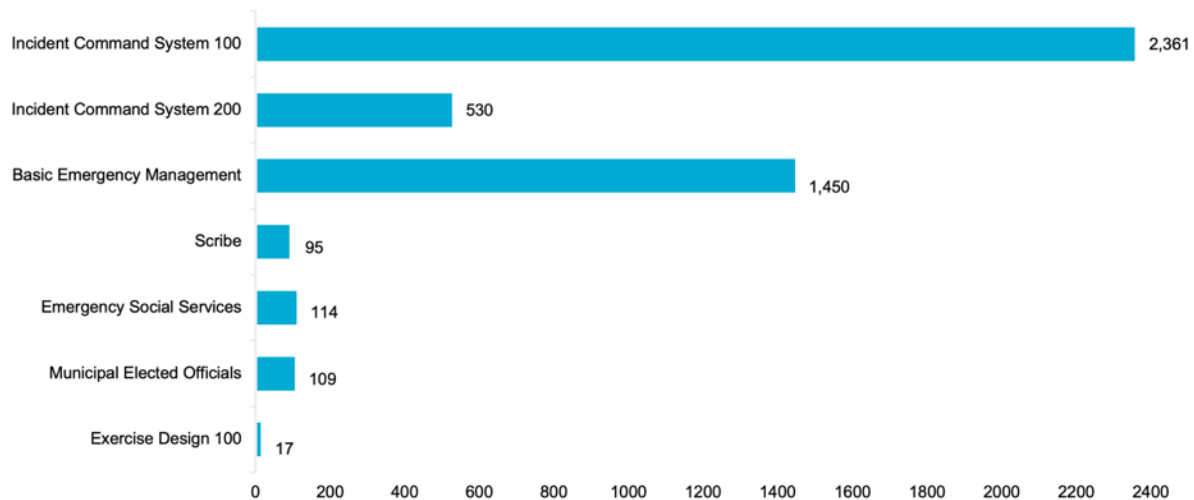
4.3 Improve community and individual-level disaster resilience by providing select on-line and in-person emergency management training to municipalities and through public awareness campaigns.

Emergency Management Training

The ministry typically offers a number of emergency management training courses through multiple mediums; however, given the constraints imposed by COVID-19, the ministry is moving toward more online and virtual training delivery. To support virtual training delivery, Alberta Emergency Management Agency staff evaluated multiple software platforms, such as Zoom, WebEx, and Microsoft Teams.

The primary training audience for the courses include municipal elected officials, Metis Settlement officials, improvement district councillors, Special Areas Board members, directors of emergency management, and others with assigned duties in their community emergency plans. The training courses provide developmental opportunities for Albertans with assigned duties in their community emergency plans to gain a clear understanding of their roles and responsibilities under Alberta's emergency management legislation.

AEMA Courses Completed (April 1, 2020 - March 31, 2021)



Emergency Management Online Training

The legislated training courses required under the Local Authority Emergency Management Regulation include Basic Emergency Management, Municipal Elected Officials, and Incident Command System 100. Other online course offerings include Exercise Design, Scribing for Emergency Management, and Emergency Social Services.

During the 2020-21 fiscal year, online training declined by 51.5 per cent; however, several factors influenced the decline. There was a significant uptake in online ICS 100 course participation in 2019-20, as municipalities worked to comply with training requirements in the Local Authority Emergency Management Regulation. Municipal staff faced new demands arising from the response to the COVID-19 pandemic, which impacted their availability to organize and participate in training. Finally, the department implemented a policy that limited online training to municipalities and other select emergency management stakeholders within Alberta, whereas previously the online training was available to anyone with an internet connection regardless of location. The increased number of users outside of Alberta increased the pre-user cost and administration of the learning management system, which led to the implementation of the policy.

In November 2020, online training courses for Municipal Elected Officials, Director of Emergency Management, and Basic Emergency Management were updated to reflect the changes to the *Emergency Management Act*.

The emergency management training courses help Alberta communities fulfill legislated requirements under the Local Authority Emergency Management Regulation, build community capacity, and improve resilience.

Municipal Incident Command Post/Planning P/Incident Action Plan Course

A new Municipal Incident Command Post course is being developed and will provide advanced training for emergency managers – including the proper conduct of various meetings, a deeper understanding of the inputs and deliverables from meetings, and increasing familiarity of communication processes within an incident command post. Highlighted in the new course (which replaces Emergency Coordination Centre 2) is information about the following:

- The Planning P process, which is a process of activities and meetings conducted in an incident command post. The Planning P process results in an incident action plan and the briefing of this plan to personnel ahead of the next operational period. It ensures planning is done on an iterative basis, and that objectives are appropriately planned and adjusted according to operational conditions.
- Building an incident action plan in an incident command post, which provides incident personnel with direction for the actions that need to be implemented during the operational period identified in the plan. An incident action plan is the means of communicating the overall incident objectives to personnel who are involved in the emergency response and coordination.

Planning P is a process of activity and meetings in the Incident Command System, conducted in an Incident Command Post, which results in an Incident Action Plan. The Incident Action Plan is used to brief personnel ahead of the next operational period.

This new course will provide emergency managers with the knowledge to communicate critical information more effectively, synchronize operations, and accomplish objectives as they respond to emergencies or disasters.

The new Municipal Incident Command Post course will be completed in the 2021-22 fiscal year.

Emergency Preparedness Week

Emergency Preparedness Week is an annual national campaign led by Public Safety Emergency Preparedness Canada, in collaboration with provinces and territories, to raise awareness about how to prepare for emergencies and disasters. This campaign is an opportunity for the Government of Alberta and communities across Alberta to align their messaging and encourage individuals to become more disaster resilient.

Previously, the ministry organized an annual public event where multiple emergency management stakeholders gathered to connect with the public at a single location. However, in response to the COVID-19 pandemic, the 2020 public event was cancelled. Instead, a virtual Emergency Preparedness Week campaign took place from May 3 to 9, 2020, with internal and external communications distributed to share new public education materials, tools, and resources for stakeholders to distribute through their existing channels. Alberta Emergency Management Agency staff found new and more efficient ways to connect with stakeholders, align messaging, and raise awareness virtually.

From April 1, 2020 to March 31, 2021, there were 70,377 page views of the Emergency Preparedness content on Alberta.ca.

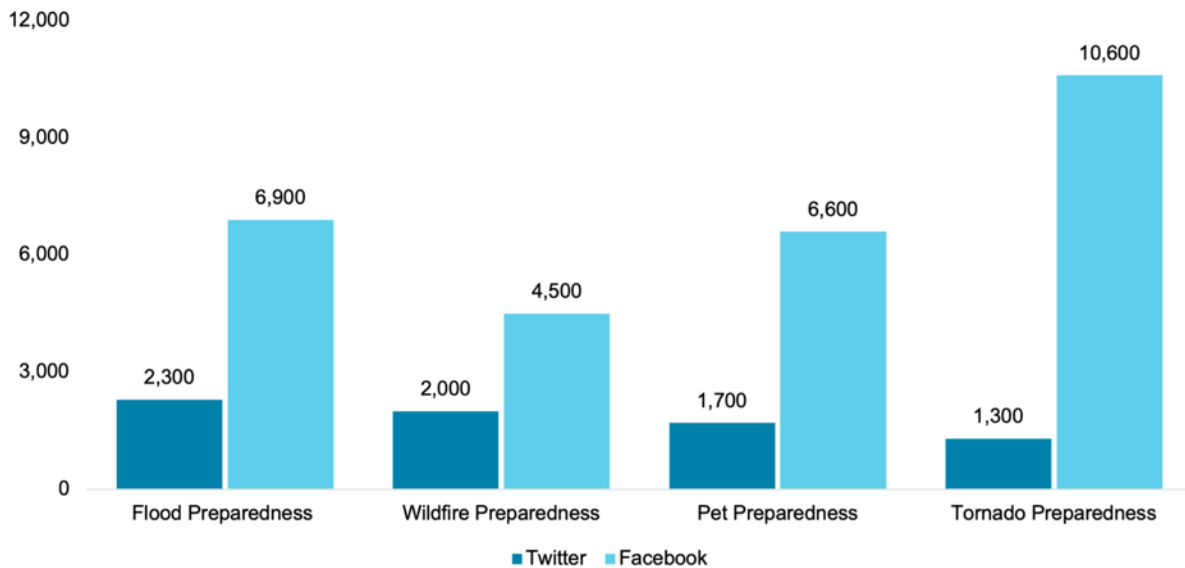
Between April 10 and May 19, 2020, there were 9,714 Emergency Preparedness page views, as people were looking for preparedness information during Emergency Preparedness Week while managing the pandemic.

A series of online videos clips called “Get Prepared: 60-Second Emergency Tips” that deliver emergency and disaster preparedness information were developed. The purpose of these short video clips is to provide quick and easy-to-consume information to Albertans on the simple steps that they can take to help prepare for both small and large disruptions to regular life. The ministry also encouraged other stakeholders, such as municipalities and the non-profit sector, to share the videos with their networks to help spread the messaging. As of March 31, 2021, the top three most popular videos were: What is the difference between emergencies and disasters? (2,418 views); How can you prepare for extreme cold? (2,371 views); and Why should you have an emergency kit? (2,166 views)

Work developed and completed prior to the COVID-19 pandemic but not implemented for Emergency Preparedness Week in 2020 included:

- an e-prep workshop and train-the-trainer for Government of Alberta staff;
- an Emergency Preparedness Week street event about preparedness; and
- coordinating an emergency preparedness awareness-building campaign in which Alberta Emergency Management Agency staff would be encouraged to share short videos highlighting their preparedness tips, which would be shared with all staff.

Emergency Preparedness Webpage Views through Social Media



Building New Partnerships

In September 2020, as part of a reorganization to better lead coordination in personal preparedness and community resilience for Albertans, a new team was formed in the Alberta Emergency Management Agency. This team focuses on developing strategic engagement plans with an aim to understand stakeholder views and challenges; build partnerships that will contribute to disaster risk reduction behaviours; and increase individual and community resilience to disasters, emergencies, and unexpected situations. Several engagement initiatives are in progress to inform program development, identify new opportunities to leverage existing programs, and find gaps in public education and preparedness to increase capacity in the province. These engagement initiatives include surveying Albertans to gather data to inform program development and improve resilience, and collaboration projects with ministry partners.

2020 Stakeholder Summit

Since the first summit in 2010, the Stakeholder Summit has become the primary innovation-focused emergency management conference in Alberta. The annual summit brings emergency management partners together to build and strengthen relationships, and to network. The conference also offers a professional development and information-sharing opportunity where emergency management partners from various communities across Alberta can learn from one another and build a more resilient province.

The Alberta Emergency Management Agency collaborated with the Northern Alberta Institute of Technology to support the 2020 Stakeholder Summit in February 2020. While the Northern Alberta Institute of Technology has taken responsibility for coordinating and hosting the summit, the ministry continues to provide input into its planning and delivery, including advice on selecting speakers and on

promoting the summit to emergency management stakeholders. The theme for the 2021 Stakeholder Summit, held March 23-24, 2021, was Disruption and Innovation.

Personal Preparedness and Community Resilience Program Development

One of the ministry's goals is to engage with Government of Alberta staff and community leaders regularly about individual and community resilience to create a cultural shift toward preparedness. To work toward that goal, initiatives are advanced to ensure messaging alignment and consistency to Albertans, including a reliable channel for community leaders to pull timely preparedness messaging to encourage their community members to take preparedness action. For example, the micro lesson, "How does knowing your community help you become more prepared?" was built with partners in the Ministry of Health. This video has been used by municipal partners to encourage community members to safely connect.

New program content was created in collaboration with subject matter experts from across the Government of Alberta and external partners. The ongoing development of online tools and resources for the 2020-21 fiscal year includes:

- pet preparedness, farm animal preparedness, and emergency preparedness week webpages;
- nine new Get Prepared videos, which are 60-second emergency tip videos on preparedness;
- infographics and scan-to-prepare QR code posters for communities to raise awareness at the local level; and
- expansion of existing webpage content to provide updated information, such as pandemic-specific advice and suggested supplies to assist with preparing for extended stays at home.

4.4 Empower communities and Albertans in their disaster recovery by engaging and coordinating recovery stakeholders, providing knowledge and expert advice, coordinating Government of Alberta disaster expenditures, and administering financial assistance.

Disaster Recovery Programs

The Disaster Recovery Program is a provincially funded program that supports the response and recovery efforts for extraordinary emergency and disaster events and provides assistance for uninsurable losses.

For disaster recovery programs to be established, municipalities must apply for a disaster recovery program on behalf of their residents and should only do so as a last resort for recovery funding. Funding from disaster recovery programs is available to homeowners, residential tenants, small businesses, landlords, non-profit organizations, business cooperatives, farmers, municipalities, irrigation districts, and Government of Alberta ministries.

Municipal Affairs helps Albertans and communities recover after disasters by providing financial assistance and expert recovery advice, and by coordinating resources across the Government of Alberta ministries and recovery stakeholders. By engaging and coordinating recovery activities, providing knowledge and expert advice, coordinating Government of Alberta disaster expenditures, and administering financial assistance, Municipal Affairs empowers communities and individuals to lead their own recovery with the support of the province.

Administration of disaster recovery programs in 2020-21 involved:

- Six extraordinary disaster events;
- 31 municipalities approved;
- 1,890 private applications received; and
- \$178 million in disaster assistance approved.

Municipal Affairs established a comprehensive budget for several flooding events in 2020 to help speed up internal processes for the approval of recovery program funding.

All of the 2020 disaster recovery programs were approved by Ministerial Order within six months of their respective event dates. In previous years, some program approvals took up to 12 months to complete, as program approvals were tied to the declaration of a disaster by Order in Council. The following programs were approved in 2020:

- the 2020 Northern Alberta Flood Disaster Recovery Program;
- the 2020 Calgary Area Flood Disaster Recovery Program;
- the 2020 East Central Alberta Flood Disaster Recovery Program;
- the 2020 Village of Acme Flood Disaster Recovery Program;
- the 2020 County of Minburn Flood Disaster Recovery Program; and
- the 2020 Saddle Hills County Flood Disaster Recovery Program.

To date, Treasury Board and Finance has approved a total of \$178 million for the six disaster recovery programs, which includes the funding support provided to other Government of Alberta departments. Municipalities, individuals, and small businesses will have the opportunity to access disaster financial assistance to repair and restore event-related damages.

Summary of Private Sector Applications and Payment by Municipality (as of March 31, 2021)

As of March 31, 2021, the ministry had provided Albertans with 1,331 private sector payments valued at \$26.9 million.

Program	Municipality	Number of applications	Amount paid \$(dollars)
Northern Alberta Flooding	Regional Municipality of Wood Buffalo	1,076	\$19,759,973
	Mackenzie County	175	\$5,880,418
	Other communities	167	\$31,373
Calgary Area Flooding	City of Calgary	297	\$966,448
	Other communities	3	-
East Central Alberta Flooding	All communities	155	\$274,113
Village of Acme Flooding	Village of Acme	17	-
Total		1,890	\$26,912,325

*Note: totals may not add due to rounding.

As of March 31, 2021, \$30 million in funds had been provided to municipalities under the 2020 Northern Alberta Flood Disaster Recovery Program, the 2020 East Central Alberta Flood Disaster Recovery Program, the 2020 Village of Acme Flood Disaster Recovery Program, and the 2020 Calgary Area Flood Disaster Recovery Program. This includes:

Advances \$(dollars)	Municipality
\$20 million	Regional Municipality of Wood Buffalo
\$5 million	Mackenzie County
\$1 million	MD of Smoky River
\$950,000	City of Grande Prairie
\$88,000	Village of Rycroft
\$59,000	Town of Redwater
\$744,000	Lac La Biche County
\$300,000	Village of Acme
\$850,000	City of Calgary
\$413,000	Thorhild County
\$91,000	Birch Hills County
\$408,000	MD of Spirit River
Advances requested by	County of Northern Lights, Sturgeon County, County of Two Hills, the Village of Donnelly, Lamont County, and the Town of Peace River.

Ministries that experienced damage to provincial infrastructure or incurred extraordinary costs are in the process of proposing and implementing initiatives for reimbursement under the programs, and \$34.7 million of ministerial funding is approved.

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

The 90/90/90 performance metric is used to measure residential (homeowner and tenant) grant administration efficiency and timeliness. It is an ambitious target and depends on applicants, insurers, professional trades, program staff, a financial support team, and non-government organizations working together to clarify the extent of damage and eligible payments.

Prior Years' Results			2020-21 Target	2020-21 Actual
2017-18	2018-19	2019-20		
100%	94%	78%	90%	41%

The 2020-21 fiscal year result is 41 per cent. This means 41 per cent of all eligible residential program applicants received at least 90 per cent estimated funding within 90 days of becoming eligible for the program. Of the 579 eligible applications counted in the 2020-21 fiscal year, 236 met the target.

From 2016-17 to 2018-19, this performance metric was consistently met. At 41 per cent, this year's results deviated significantly from the 90 per cent target, however. This variation was the result of several factors, including changes to how payments were provided to applicants, high volume for the program, and disruptions to operations due to the COVID-19 pandemic response and staffing issues.

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

Another significant factor was the size of disaster recovery programs created this year. With 31 communities being approved for disaster financial assistance as a result of flooding in 2020-21, the program experienced its fourth largest private sector event in the history of the program. The ministry provided a substantial investment of additional staff and contracted service providers to support the administration of these applications.

Other contributing factors included:

- Existing staff vacancies;
- Reassignment of Recovery Branch staff to assist with the establishment the Pandemic Response Team and other additional supports to the pandemic response efforts over the summer;
- Reassignment of existing staff to support private sector case management, and the recruitment of more than 40 new case managers immediately after the 2020 Northern Alberta Flood Disaster Recovery Program was approved in May 2020. The challenges experienced with the additional new staff included:
 - onboarding new staff in a remote working environment required technical support above and beyond normal;
 - training materials had to be revised in order to be effectively delivered remotely; and
 - training was required for new case managers and those reassigned from public sector teams with no private sector experience.

Municipal Wildfire Assistance Program

The ministry's Municipal Wildfire Assistance Program assists municipalities – outside of the Forest Protection Area but within a municipality's jurisdiction – with financial costs resulting from fighting wildfires. There were no new Municipal Wildfire Assistance Program applications in 2020, and no new budget allocation. The 2019 Cypress County Municipal Wildfire Assistance Program was approved in December 2020 with the budget allocated from the 2019 Northwest Alberta Wildfires Disaster Recovery Program of \$383,000.

Disaster Financial Assistance Online

Disaster Financial Assistance Online is an application portal that provides Albertans a way to complete an online application for Disaster Financial Assistance. Applicants can check the qualifications for assistance, apply for assistance, and track the status of their application. Albertans require a MyAlberta Digital ID to apply for disaster financial assistance through this online portal. The online portal reduces the need to attend a program application centre in person, and increases responsiveness to impacted Albertans, and complied with COVID-19 health measures in 2020-21. In 2020-21, 80 per cent (1,163 of the 1,453) of residential applications were submitted through the online portal. All small business applications were submitted through fillable PDF.

In 2020, the Alberta.ca website introduced translated program information and documents in Punjabi and Tagalog, to add to the already existing English and French translations.

Federal Cost-sharing for Disaster Recovery Programs

When the cost of a disaster recovery program exceeds the province's established threshold (based on per capita costs), the Government of Alberta can submit a request to Public Safety and Emergency Preparedness Canada to share disaster recovery costs with the federal government through Disaster Financial Assistance Arrangements. In instances where there is uncertainty in applying the Disaster Financial Assistance Arrangements or there are extenuating circumstances in a disaster event, business cases are developed and submitted to the federal government for consideration, to maximize Alberta's cost-sharing potential.

Municipal Affairs has submitted business cases with a total recoverable amount of \$712.3 million related to the 2013 southern Alberta floods and 2016 Regional Municipality of Wood Buffalo programs to Public Safety and Emergency Preparedness Canada. As of March 31, 2021, the federal government has approved cost-sharing eligibility of \$568.6 million, and the remaining \$143.7 million is pending Public Safety Canada's approval.

Eligible expenses related to the 2020 Northern Alberta Floods totalling \$99 million have been submitted to the Government of Canada for consideration under cost-sharing agreements; in March 2021, the Government of Canada approved an advance payment to the Government of Alberta of \$27.2 million for the program. The ministry is developing business cases for submission totaling an additional \$17.3 million. By increasing federal assistance, the overall fiscal impact of disasters on the Government of Alberta is reduced.

Grant Management – Ministries

2016 Regional Municipality of Wood Buffalo Disaster Recovery Program

As of March 31, 2021, \$248 million has been transferred to ministries for expenses incurred in support of impacted Albertans. Staff reductions have halted progress made on preparing ministry projects for federal audit; as of February 2021, 78 per cent of the program budget has been collated for audit.

2013 Southern Alberta Floods Disaster Recovery Program

As of March 31, 2021, the Government of Alberta has paid out \$998 million for associated expenses. Projects under this program are due for completion by January 31, 2022, and include dam decommissioning and fish habitat restoration. Program expenses also include staffing costs related to recovery program administration.

Through engagement with Public Safety Emergency Preparedness Canada and working with ministry partners, Municipal Affairs was able to identify an additional \$200 million in Government of Alberta flood expenditures eligible for cost-sharing with the federal government. This work will result in reducing the net cost to the province with an anticipated receivable of \$195.9 million.

Municipal Affairs continues to work with federal partners and Indigenous Service Canada on the First Nations Housing Project. The Government of Alberta has requested that the Government of Canada reimburse 100 per cent of expenses incurred to restore First Nation communities.

2020 Northern Alberta Floods Disaster Recovery Program

The 2020 Northern Alberta Floods Disaster Recovery Program includes 27 initiatives put forward by 13 ministries, for a budgeted cost of \$35 million. These initiatives included the provision of psychosocial

services and supports to guide community wellness in the Fort McMurray and Fort Vermilion regions and ensured the delivery of public addiction and mental health services in northern Alberta following the flood. In addition, funding enabled the delivery of interim housing solutions, safe transportation routes, Royal Canadian Mounted Police support for the safety of persons and property, and 220 search and rescue operations over a three-day period in the affected communities. As of March 31, 2021, \$7 million in Government of Alberta 2020 northern Alberta floods disaster related expenditures have been transferred to ministries.

Changes to Disaster Recovery Program Eligibility

The cost and frequency of disasters in Alberta are increasing, and the Government of Alberta needs to have a strong framework in place to deal with these emergencies. On February 26, 2021, key changes relating to disaster recovery program qualification criteria and eligibility for funding which will make the program more sustainable and ensure it is available when needed for future generations, were approved. These changes, effective for all disasters in 2021 and beyond, include:

- a 90:10 cost-sharing arrangement between the Government of Alberta, municipalities, and Metis Settlements for all disaster recovery program eligible costs;
- a 90:10 cost-sharing arrangement between the Government of Alberta and all private sector applicants for all disaster recovery program eligible costs; and
- a homeowners funding limit of \$500,000 and a one-time assistance limit per property. The one-time limit begins in 2021 and is not applied retroactively.

Provincial Recovery Framework

The Provincial Recovery Framework describes the function of recovery in the Government of Alberta's emergency management system. The aim is to clarify how the Government of Alberta supports all emergency management partners under an all-hazards framework. The framework provides strategic guidance on how the Government of Alberta will approach disaster recovery in future events, and identifies strategies and tools used to support recovery stakeholders before, during and after disaster events.

On December 12, 2020, the Deputy Ministers' Public Safety Committee endorsed the framework. The Alberta Emergency Management Agency will work to have the framework publicly available on the Government of Alberta website and included in the newly revised Alberta Emergency Plan. Once published, the ministry will engage with ministry partners and community members to implement the framework.

Provincial Recovery Coordination Centre

In the event of an emergency or disaster, the Provincial Recovery Coordination Centre coordinates recovery efforts in the province. In 2020-21, the centre coordinated all recovery activities related to the 2020 northern Alberta flood, 2020 Calgary area flood, and the 2020 east-central Alberta flood. The centre facilitated working groups with the Regional Municipality of Wood Buffalo; Mackenzie County; Emergency Social Services; and the ministries of Indigenous Relations, Infrastructure, Seniors and Housing, Environment and Parks, and Municipal Affairs. The Provincial Recovery Coordination Centre also:

- acts as the central information-sharing and disseminating body with respect to disaster recovery information;
- leads the preparation of the Government of Alberta recovery plan and briefings for decision-makers;
- coordinates the implementation of recovery-related decisions, including financial decisions, and organizes cross-ministry working groups;

- empowers communities to lead recovery efforts within their jurisdictions;
- acts as the central banker for the Government of Alberta and reviews ministry initiatives for disaster recovery program eligibility;
- secures funding for all disaster recovery programs and, in 2020-21, secured funding for the ministry's COVID-19 response activities;
- prepares recovery briefings for all government stakeholders; and
- provides support to the Provincial Operations Centre through an agency representative.

The centre was successful in effectively coordinating funding, providing staffing resources to augment the Provincial Operations Centre and the Pandemic Response Task Force, and providing recovery briefings to all government stakeholders.

Community Recovery Guide

The Alberta Emergency Management Agency has started developing a community recovery guide, with a first draft completed and ready for public use. The guide is a living document intended to share comprehensive information on disaster recovery with communities impacted by disaster events, in order to better prepare for future events. The guide incorporates lessons learned and feedback from previous disaster events in Alberta, as well as global best practices. The guide outlines the need for communities to take actions appropriate for their needs and contribute to overall efforts to make impacted areas safe. Stakeholders will be able to access specific and targeted information on common recovery topics within the guide. The guide – available to support Alberta municipalities for the 2021 hazard season – will continue to be updated to reflect additional lessons learned and feedback from communities as they use it.

4.5 Improve resilience within the Government of Alberta by strengthening the current business continuity and consequence management programs and by leading in the development of a provincial hazard and risk assessment and disaster resilience strategy.

Emergency Management Exercise

The Alberta Emergency Management Agency facilitates the annual Government of Alberta emergency management exercise. This year's exercise (EMX21), which was hosted virtually on February 24, 2021, provided participants with an opportunity to orient themselves with upcoming hazard season information and emergency management activities.

Given the ongoing response to the COVID-19 pandemic by the Government of Alberta, the decision was made to forgo a full-scale exercise to avoid over-burdening partners actively involved in the response to COVID-19 and to comply with public health restrictions. As the Provincial Operations Centre has been operating at an elevated level since February 2020, many of the functions and operations that previous emergency management exercises had practiced and refined are currently ongoing.

Government of Alberta Business Continuity Program

The Government of Alberta Business Continuity Plan establishes the framework for the management of essential services continuity during business disruptions. Departmental business continuity plans require a biannual review to ensure they are validated with current information; however, the review efforts were paused in spring and summer 2020 to refocus staffing resources to the COVID-19 pandemic response. Consultation with departmental business continuity teams and a formal review of nine department business

continuity plans was completed in 2020-21. The review supports departments by providing feedback to ensure essential government services can be maintained or recovered during an emergency.

Developing the Hazard Identification and Risk Assessment Framework

Development of the Hazard Identification and Risk Assessment Framework will 1) establish a foundation for the province's strategies to mitigate potential consequences of an emergency or disaster, and lessen the impact to Alberta's economy, communities, and people, and 2) enhance Alberta's resilience to disasters by reducing disaster risk and enhancing disaster risk management capacity. Development of the two initiatives will be consolidated in 2021, allowing the Resilience Strategy's principles to act as a guide to the development of disaster risk treatment strategies. The Resilience Strategy's goal, once completed, is to ensure the Government of Alberta has a common set of decision-making principles for the development of disaster risk reduction.

The framework will assist Government of Alberta departments and stakeholders in reducing the overall costs and impacts of disasters and large-scale emergencies by enhancing their ability to:

- determine the extent of their cumulative disaster risks;
- examine the potential cascading effects of those risks;
- plan across jurisdictional and organizational boundaries and disciplines to mitigate, respond and recover from those risks; and
- implement comprehensive and coordinated risk treatment strategies.

While the Deputy Ministers' Public Safety Committee endorsed the high-level framework and implementation plan in December 2020. However, due to the work's scope, complexity, and intended broad-based application, efforts are focusing on approaches to engage stakeholders in translating the high-level principles into detailed guidance. This will be achieved using a staged approach where the Government of Alberta will:

- create the internally-focused Hazard Identification and Risk Assessment in the first year of implementation;
- review and improve the provincial Hazard Identification and Risk Assessment process based on feedback received during the creation of the internally focused assessment;
- build external stakeholder (including local authorities and emergency management partners) buy-in and capacity concurrently in the first year; and
- engage local authorities in assessments in subsequent planning cycles.

4.6 Ensure Albertans have access to 911 and emergency public alerting services that are technologically current and agile.

911 Grant Program

The Alberta 911 Program, established through the *Emergency 911 Act*, has the goal of strengthening and supporting the delivery of local 911 services throughout the province. The 911 Grant Program's budget is funded entirely through a monthly levy of \$0.44 that is applied to every active cellphone in Alberta. For 2020-21, \$16.66 million was paid to 911 centres under the program, which is a 2.57 per cent decrease from the previous fiscal year. This reduction

In November 2020, the 911 Grant Program surpassed \$100 million in total funds issued since the program's inception in 2014.

in funding resulted from a decrease in the number of wireless phone subscriptions in Alberta and means municipalities that operate 911 call centres will have to spend additional funds to support the delivery of 911. Funding from this program is used by 911 call centres to pay front-line 911 staff; acquire critical software and technology enhancements; and meet the provincial 911 standards that ensure 911 across Alberta is more consistent, efficient, and robust. Additionally, the funds can be used to prepare for the implementation of Next Generation 911, which is a complete update of the 911 system that will introduce texting capabilities in situations where callers cannot dial 911. Next Generation 911 is a multi-year upgrade that has already started, and the existing legacy 911 network must be decommissioned by the end of March 2024.

Enhancing 911

The Alberta 911 Program strengthens and supports 911 by working with stakeholders across Canada to enhance 911 services. The program works with communities to establish direct 911 services; provide public education materials and resources; and inform 911 centres about upcoming changes, costs, and impacts related to Next Generation 911.

Of the 1.33 million 911 calls made in Alberta in 2020, 98.9 per cent were answered within 15 seconds.

In 2020-21, amendments to the *Emergency 911 Act* and its regulations were introduced in the Legislature to address changing system requirements to facilitate the implementation of Next Generation 911 prior to the decommissioning deadline of March 2024. If passed by the Legislature, the first change will bring secondary 911 call centres that dispatch fire, police, and emergency

medical services under the scope of the *Emergency 911 Act*, requiring them to comply with provincial 911 standards and making them eligible for grant funding. The second change raised the monthly 911 levy on cellphones from \$0.44 to \$0.95, which will take effect September 1, 2021, and brings Alberta in line with the Canadian average 911 levy of \$0.98. The changes to the *Emergency 911 Act* were introduced during the spring 2021 session of the Legislature. Corresponding amendments to the Emergency 911 Grant Regulation and the Emergency 911 Levy Regulation were approved by the Lieutenant Governor in Council on March 17, 2021.

The 911 program continues to collaborate with internal and external partners, by:

- participating in the Canadian Next Generation 911 Coalition and Canadian Radio-television Telecommunications Commission Emergency Services Working Group to develop and deliver Next Generation 911 communications and standards;
- collaborating with other provincial governments to advance 911 legislation across Canada; and
- working with stakeholders in communities that do not have 911 service, various levels of government, and external agencies to improve 911 access in unserved communities.

Alberta 911 Standards

Alberta's 911 standards first came into effect in June 2018; however, system-wide changes due to the implementation of Next Generation 911 required that these standards be updated. This work required consultation with a broad range of stakeholders. Development and revision of the standards was done over two years, and saw consultation with Alberta 911 centres, network providers, and the Canadian Radio-television Telecommunications Commission Emergency Services Working Group chair. In January 2021, the Minister of Municipal Affairs signed a Ministerial Order bringing version 2.0 of Alberta's 911 standards into force. This iteration of the standards enhances the 911 system by ensuring all 911 centres are ready to implement federally mandated 911 system upgrades before the March 2024 deadline.

The past year marked the first time that all 20 primary 911 centres had site-visit audits. However, because of the COVID-19 pandemic, 10 site audits were conducted remotely by video in 2020. This required additional preparation to ensure all documents were shared in advance. The 911 program staff also had to rely on previous knowledge of each centre's physical attributes, such as the security features that protect the centre. While video site visits worked as a temporary measure to ensure 911 centres were compliant with provincial 911 standards, this method will likely be suspended once in-person site visits can resume.

In March 2020, the national Canadian Radio-television Telecommunications Commission Emergency Services Working Group established a COVID-19 task force, and Alberta 911 program staff participated in this initiative. The purpose of the task force was to share best safety practices around COVID-19 for staff, including contingency plans, and separating 911 centre staff between primary and backup locations. The task force discussed how to provide 911 centres with the best information available nationally and in each province, and how to handle increased calls to 911 regarding quarantine violations. This assistance from the task force was useful to many Alberta 911 centres as they implemented best practices, including separating staff in different locations and setting up protocols for checking staff temperatures and other symptoms.

Public Alerting

In 2011, Alberta's first public alerting system, the Emergency Public Warning System, was updated and replaced with Alberta Emergency Alert. In its time, the Emergency Public Warning System was the first rapid warning process of its kind in Canada to use media outlets to broadcast critical life-saving information directly to the public. As technology changed, Alberta Emergency Alert was developed to get life-saving notifications to the public during emergency and disaster events. In 2014, a mobile device application was released to allow the public to receive critical notifications directly on their handheld devices.

In 2018, wireless public alerting was added to Alberta Emergency Alert's functionality so the most serious alert messages could go directly to compatible smart phones. This new alerting medium extends the reach of the provincial emergency alerting system, which also includes notifications on radio and TV broadcasts, social media, amateur radio, government-wide email, a website (www.emergencyalert.alberta.ca), government and private electronic billboards, partner websites, and the Alberta Emergency Alert mobile application.

Alberta Emergency Alert allows emergency management partners and local government officials to issue alerts directly. The decentralized model allows emergency management stakeholders to use the public alerting system to provide life-saving notifications to the public when an emergency or disaster occurs. Municipal Affairs, through the Alberta Emergency Management Agency, does have the ability to edit or issue an alert on behalf of a municipality when circumstances require that type of assistance.

In 2020, 46 alerts were issued, 11 of which were critical:

- Overland flooding (1).
- Public Health Emergency (1).
- Tornado (9).

Critical alerts decreased 50 per cent from the previous year, and overall, emergency management stakeholders issued 33 per cent fewer alerts overall in 2020. By the end of 2020, the mobile application had 496,056 downloads – an increase of 44 per cent from the 344,405 downloads in the previous year. Alberta Emergency Alert is active on Twitter and Facebook, where the number of social media followers increased by three per cent, from 246,836 to 254,214, from the previous year.

Alberta played a lead role in the expansion of the National Public Alerting Strategy to include wireless public alerting.

Wireless public alerting allows compatible cell phones and wireless devices to receive life-saving emergency alerts.

With the ability to reach more people with emergency alerts every year, delivery of Alberta Emergency Alert authorized user training sessions remains a priority. This training ensures users are aware of how to use the system and how to create effective alert messages. Training sessions were held across the province, including in Edmonton, Calgary, Lethbridge, and Wainwright.

The increasing number and severity of emergency events pose significant risks to both people and property. The Government of Alberta is working with the federal government and other jurisdictions to examine the future of public alerting, as well as public perceptions and behaviours associated with the alerting system.

With an increase in Internet-connected devices, and the expectation that emergency alerts will reach the public in a timely fashion, Alberta Emergency Alert continues to seek new alerting options. This could include expanding the distribution of alerts to new platforms, such as real-time alerts on computers and alerts over digital assistants such as Google Home and Amazon's Alexa.

Alberta is working with the federal government to deliver alert messages to the public using internet-based technology in the future.

Additionally, there needs to be a better understanding of how the content of messages – including length, specificity, context, guidance, and the supportive value of graphics and linked-content – affect people's behaviour. The intent is to improve public safety by making alerts more effective – based on world-leading research.

Alberta First Responder Radio Communications System

On April 1, 2020, the Alberta First Responder Radio Communications System moved from the department of Service Alberta to Municipal Affairs. The Alberta First Responder Radio Communications System provides quality, cost-effective, secure, reliable, and accessible land-mobile-radio communications to Alberta's first responders. The system currently supports 36,800 devices on its network, representing an increase of approximately 4,000 devices during the past year. Additionally, 13 agencies have joined the system, for a total of 154 municipal, provincial, and First Nation agencies across the province. These numbers continue to grow as agencies evolve and new agencies come onboard to derive benefits from the system. The system's \$17 million operating budget provides highly-reliable, two-way voice radio for first responder interoperable communications across the province on a 24/7/365 basis.

The Alberta First Responder Radio Communications System continues to expand and develop to meet the needs of the first responder community. Site and system upgrades are conducted as required, and as recommended by the first responder community. The system continues to meet the contractual service level agreements for the agencies it serves.

The system has been present at all major provincial emergencies, either responding on behalf of the province or on behalf of the first responder agency since 2016. When requested by first responders or the province, the system can provide enhanced communications beyond the day-to-day capabilities of the network. This includes responding with portable land mobile radio supports, such as portable radios.

Network System Upgrade

A significant network upgrade was initiated in 2020-21 to provide several benefits, including modernization, stability, and technical expansion of the network's capability to improve system resiliency. Several sites around the province were upgraded to increase capacity and resiliency for first responders.

The Alberta First Responder Radio Communications System is the largest system of its kind in North America.

There are 335 physical radio sites across the province with ongoing assessments to increase capability and coverage where appropriate and necessary.

Outcome Five: Albertans receive fair, timely, and well-reasoned decisions from the ministry's quasi-judicial boards

Key Objectives

5.1 Deliver an efficient and impartial appeals process for land planning, compensation, assessment, and other matters referred to the Boards.

When the rights of citizens are impacted by government decisions or where there is conflict between the competing interests of individuals, industry, or municipalities, the Legislature has provided a process to protect the rights of all parties. Municipal Affairs supports four independent and impartial quasi-judicial tribunals that adjudicate on matters relating to land rights and property ownership:

- The Municipal Government Board.
- The Surface Rights Board.
- The Land Compensation Board.
- The New Home Buyer Protection Board.

The boards are bound by legislation, case law, and principles of natural justice that ensure decisions are fair and based on evidence presented in hearings or submitted by the parties.

Municipal Government Board

The jurisdiction of the Municipal Government Board extends to matters under the *Municipal Government Act* and includes:

- annexation recommendations;
- 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);
- subdivision appeals where provincial interests are engaged;
- designated industrial property assessments, which include linear assessments such as pipelines, railway, and telecommunication lines, and non-linear assessments such as major industrial facilities;
- composite assessment review board hearings for commercial and multi-residential properties;
- equalized assessment appeals regarding provincial levies;
- off-site levies; and
- ministerial referrals including disaster recovery appeals.

With the exception of subdivisions, statistical information regarding the work of the Municipal Government Board is provided based on a fiscal year.

Performance Measure 5.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

Prior Years' Results			2020-21 (2019-20) Target	2020-21 (2019-20) Actual
2017-18 (2016-17)	2018-19 (2017-18)	2019-20 (2018-19)		
88%	89%	95%	88%	93%

The 2020-21 results reflect hearings that took place from April 1, 2019, to March 31, 2020. The 2020-21 measure result of 93 per cent is five percentage points above the target of 88 per cent. It is two percentage points below last year's actual of 95 per cent.

The achieved result of 93 per cent exceeds the target and indicates stakeholders are very satisfied with the board's appeal process. The survey focused on two general areas: 1) the hearing process, and 2) timeliness of the written decision.

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

Parties were overwhelmingly satisfied that the board acted in a courteous manner (98 per cent); they were provided an opportunity to present their case (95 per cent); the hearing process was easy to understand (95 per cent); the hearing was conducted in a timely manner (95 per cent); and the hearing process was fair, unbiased, and impartial (95 per cent).

The board scored weakest on the written decision component of the survey. Parties were generally satisfied that the written decision was issued in a timely manner (82 per cent). The actual result of the 82 per cent is four percentage points lower than the 2019-20 result of 86 per cent. However, a result of 82 per cent is a strong result compared to prior years and is driving the Municipal Government Board's improvement in the overall results in 2020-21 and 2019-20. For comparison, the board scored 28 percentage points lower in 2018-19 with a result of 54 per cent.

In recent years, the board has placed considerable emphasis on improving the timeliness of written decisions. This was accomplished by introducing target timelines for issuing written decisions and allocating additional resources for drafting decisions on behalf of the panels.

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 directly involved and impacted by the hearing process and decision.

Annexations

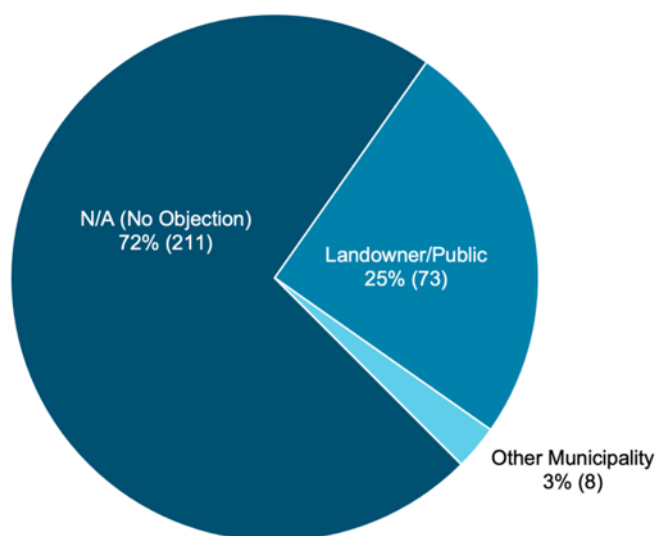
In Alberta, the annexation process allows a municipality to acquire land for future development, bring its municipal infrastructure within its boundary, or alter its borders to address some type of physical change to the landscape. This may have an impact on the rights of individual property owners, and the rights and duties of the neighbouring municipalities or local authorities. While Cabinet is the ultimate decision-maker, the Municipal Government Board acts in an advisory capacity by making a recommendation to Cabinet. Persons and municipalities affected by a proposed annexation have the right to voice their concerns prior to the board making a recommendation. Affected parties have the option of filing an objection with the board; if they do, that filing triggers a public hearing. The legislation requires notice be given by the municipality

applying for annexation and by the Municipal Government Board in order to ensure all affected parties will have an opportunity to be heard before any final recommendation is made.

Annexations are usually high-profile hearings, often involving a significant amount of intermunicipal compensation and impacting the assessment, taxation, and land use of hundreds of properties for decades. Media coverage is almost certain, especially when the municipalities are unable to reach agreement. Public hearings involving annexations can become emotional for landowners, as they may interpret the change in jurisdiction as altering their way of life.

While transferring land between jurisdictions can create conflict – for municipalities, other local authorities, the affected landowners, and the general public – more than 72 per cent of all annexations approved in Alberta since 1995 have been amicable. Only 2.8 per cent of all annexations processed by the Municipal Government Board were the result of municipalities not being able to reach agreement.

Annexation Orders in Council - 1995 to January 2021



The annexations processed by the Municipal Government Board during the 2020-21 fiscal year continue this trend. Four of the five annexations (80 per cent) were deemed to be uncontested and were processed without a public hearing. There was one contested annexation, which required a full hearing. Of the five annexations approved, 10 municipalities were affected, with 195 parties involved, and 643 hectares (1,590 acres) of land transferred.

In the past, a lack of specificity in the *Municipal Government Act* regarding the factors that would be used by the board to evaluate annexation proposals led to uncertainty and, inevitably, conflict. However, the board has developed a series of annexation principles to help municipalities, affected landowners, interest groups, and the public understand the criteria that will be used. These principles are included in the Municipal Government Board annexation rules to ensure the annexation process is open, transparent, and fair. To assist elected officials, municipal administrators, affected landowners, and the public, the board also provides information sessions throughout the province. A greater degree of certainty has translated to greater cooperation between the parties.

Currently, 16 municipalities have filed notices of intent with the Municipal Government Board to annex and are in the process of developing annexation applications. As of March 31, 2021, there are two contested annexations scheduled for hearings in the 2021-22 fiscal year. These two files involve four municipalities, 3,093 hectares (7,642 acres) of land, and 79 affected parties. In addition to a one-day preliminary hearing,

these two annexations are expected to require 11 days of hearing time. Given the right of any citizen to appear without notice, the challenges around arranging hearings with the current COVID-19 health restrictions have been challenging.

Subdivision Appeals

Decisions by local municipal authorities on whether to grant a request for the subdivision of land can limit the rights of an individual property owner to do as they choose on their own land. When that decision will have an impact beyond the immediate community (defined in the legislation as “a provincial interest”), the affected landowner has the right to appeal to the Municipal Government Board, as opposed to the local authority. Lands that fall under the definition of “provincial interest” include:

- lands close to highways;
- bodies of water;
- historical sites;
- wastewater management facilities;
- landfills; and
- lands within the Green Area (Green Area lands, as defined in the legislation, are predominately Crown lands in northern and western Alberta, and comprise approximately 60 per cent of the province.)

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

The board has an overriding duty to consider the public interest in safe and efficient land use that meets the planning vision established by municipal councils and applicable provincial legislation.

The board is responsible for notifying affected parties, hearing new evidence, and making the final decision on the application. The board’s decisions are binding, unless challenged in the Alberta Court of Appeal.

On average, the number of appeals filed annually ranges from 40 to 50. In 2020, there were 41 subdivision appeals involving 23 different municipalities requiring notification to be provided to 1,091 individual parties. Of these, 31 matters proceeded to full hearing: four in person, 15 virtual, four by telephone, and eight via written submissions.

Subdivision and Development Appeals

Legislation passed in December 2020 expanded the jurisdiction of the Municipal Government Board to include appeals from local subdivision and development authorities where there is a provincial interest to be considered. Provincial interest in this context is more narrowly defined and includes facilities where the development also requires a permit, approval, or licence from another government department.

Appeals have already been filed with the board in early 2021, but it is too early to accurately predict the volume of the new work. In the first week, three appeals involving more than 30 individuals were filed. Processes and rules have already been developed regarding this work, and members with expertise in planning will be assigned to these new files.

Designated Industrial Property Appeals

Sharing the tax burden equitably requires an assessment of the value of property. Property owners do not want to pay more than their fair share, and for the municipalities that rely upon tax revenue to support the services they provide to all residents, the tax revenue from major industrial facilities may represent the majority of that income. Assessment of properties under the definition of designated industrial property include major plants under the auspices of the Alberta Energy Regulator; the Alberta Utilities Commission and the National Energy Board; linear properties including pipelines, railways, and electric power systems; and the land and improvements associated with such properties.

While residential and commercial properties use comparative market values as an approximation of value, for major industrial facilities, which are not bought and sold on a regular basis, a fairer approximation of value is captured by the value of the product being produced. As well, to ensure some predictability for industry, designated industrial properties are assessed based on strict formulas established under legislation and ministerial guidelines.

The provincial assessor undertakes assessments, and property owners have a right to appeal to the Municipal Government Board. Accordingly, the Minister of Municipal Affairs is a party to the proceedings for designated industrial property appeals.

As the tax revenue from major industrial facilities is substantial and, for smaller municipalities, can represent a proportionately greater percentage of total tax income, the municipality where the property under appeal is located may apply for intervener status. In a recent case, the taxes flowing from one assessment appeal represented one-fourth of the municipality's budget.

In 2017, the legislation was amended to include linear appeals for facilities such as pipelines and transmission lines into an expanded designated industrial property category. In the first year under the new legislation, 11 appeals were filed. In 2019-20, there were 36 appeals filed representing more than \$12 billion in assessed property values. In 2020-21, there were 27 appeals filed representing almost \$15 billion in assessed value. There were 28 hearing days in 2020-21, including what may be the longest virtual hearing in Canada (14 days.)

For both subdivision and designated industrial property appeals, the move from in-person to virtual hearings required innovative approaches, including test sessions for all participants in advance of a hearing. In the past six months of 2020, two case managers were involved in 122 WebEx events, logging more than 600 hours in training and hearings. Virtual hearings and training will continue to be an option the board provides as they offer greater access where travel costs may have been prohibitive.

Composite Assessment Review

As with designated industrial property appeals, the issue is one of fair assessment based on the value of the property. For many years, property owners who wanted to challenge their annual assessment had to struggle through two levels of appeal: first to the local assessment review board, and second, to the Municipal Government Board. Amendments to the *Municipal Government Act* in 2014 created a single board for appeals with respect to non-residential and multi-residential property across the province called the Composite Assessment Review Board.

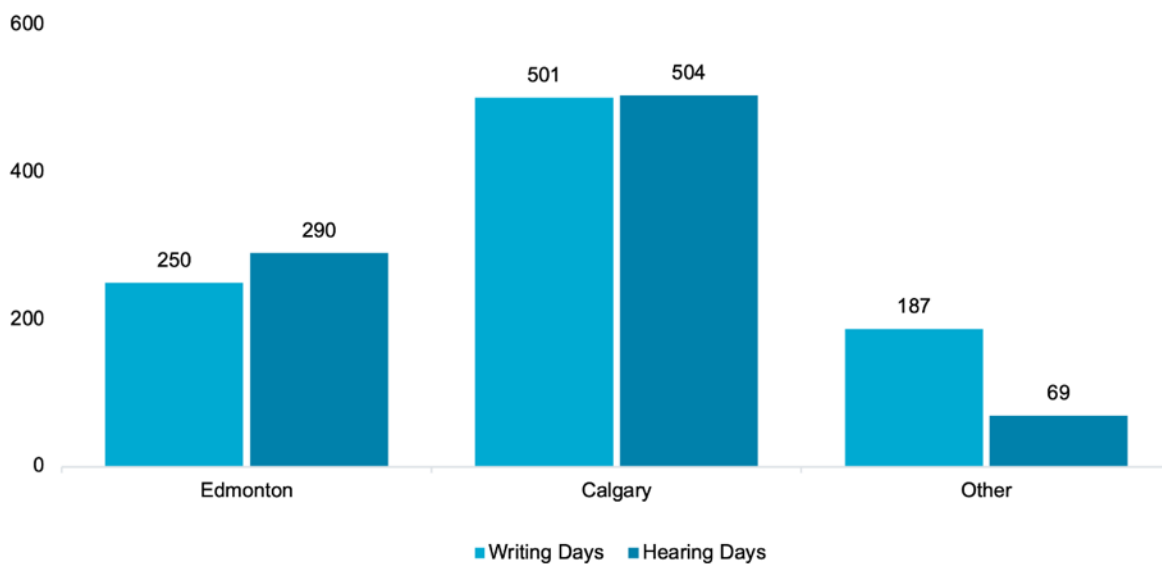
A panel consisting of two members from the local assessment review board and one member from the Municipal Government Board (who, by legislation, is the designated chair of the proceedings) now hears appeals. The mandate of the board is to ensure taxpayers are treated fairly and equitably and that municipalities have a fair and transparent process by which their assessments are reviewed. Composite Assessment Review Board decisions cannot be appealed and can only be challenged by applying for judicial review at the Court of Queen's Bench.

Assessment decisions have a significant impact on property owners and because they translate to taxation dollars, they impact the very life-blood of municipalities through their tax base.

The workload for the Composite Assessment Review Board is demanding. In 2020-21, the Municipal Government Board provided presiding officers for 1,297 hearings days at locations across the province, including Edmonton, Calgary, and Red Deer. In Calgary alone, there were more than 2,000 appeals filed, representing in excess of \$21 billion in assessed value. In 2020-21, there were more than 900 hearing days.

Apart from the pressures created by the volume of files, there is also significant pressure around the timely release of board decisions. Under the legislation, written decisions must be provided within 30 days of the hearing, a stipulation that reflects how important it is for municipalities to be able to make budget decisions based on known assessment values. The volume of this work is represented in the two charts below – the first in terms of the number of days of hearings, and the second with the number of days required to provide written decisions.

Composite Assessment Review Board Writing and Hearing Day 2020



Surface Rights Board

Under common law, landowners and occupants of the land were essentially powerless, as mineral owners had the unimpeded right to enter onto farmland even if the land was destroyed or disturbed. To redress this inequity, the Government of Alberta passed legislation in 1947 giving landowners and occupants the right to compensation for the loss of their land, while providing operators with a process that ensures their right to enter the land. Given the legitimate, but often competing, interests of landowners versus operators, hearings can be highly contentious. The Surface Rights Board is the body that adjudicates any disputes that may arise. Proceedings are not appeals; they are original hearings to determine compensation for the interference and/or damage caused by operators. Because the taking of land for oil and gas development is very similar to expropriation, compensation is based not only on how much land was lost but also on the detrimental effects on the remaining property.

In 1977, the *Surface Rights Act* was amended to include jurisdiction over pipelines and power transmission lines. Applications to the board can include:

- right of entry for resource activity and power transmission lines;
- awarding compensation initially based on a right of entry order;

- review of annual compensation whether 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 is payable under a compensation order or surface lease has not been paid and the due date for its payment has passed.

Statistical information as to the work of the Surface Rights Board is provided based on a calendar year, consistent with the reporting requirements under the Act.

The board's jurisdiction begins after a licence is issued by the Alberta Energy Regulator or the Alberta Utilities Commission and continues until such time as the site is reclaimed. The decisions of the board are final unless overturned by the Court of Queen's Bench.

The first point of contact between the board and the parties is when the operator seeks access to the land. If landowners and operators cannot come to terms, the operator has the right to apply to the board for a Right of Entry Order. In 2020, there were 141 applications for Right of Entry, which is relatively consistent with the 138 applications in 2019, 123 in 2018, and 115 in 2017.

When access is granted through a Right of Entry Order, a right to fair compensation is automatically triggered. Even when the parties come to an agreement, the board maintains an oversight function. In 2020, 107 consent compensation orders were issued. Where the parties do not agree, the board determines compensation based on the factors enumerated under section 25 of the *Surface Rights Act*. In 2020, there were only two files that proceeded to oral hearing, a result directly attributable to the board's robust alternative dispute resolution processes.

Regardless of whether access to the land was the result of a Right of Entry Order or by way of an agreement reflected in the terms of a surface lease, both parties have a right to review the annual compensation every five years under section 27 of the Act. In 2020, there were 345 such applications, a substantial increase from the 256 applications in 2019. The expectation is that the number of applications under section 27 will increase dramatically as several major oil and gas operators have announced that they will be applying for a reduction in annual compensation in hundreds of cases.

In the event there is damage to land outside the area granted to the operator, or loss and damage to livestock or personal property, landowners also have the right to claim for additional compensation under section 30 of the Act. Recent amendments to the legislation have increased the value of the claims that can be made, from \$25,000 to \$50,000. This has resulted in an increase of applications; there were 40 applications in 2020, as compared to 28 in 2019. In 2020, there were five oral hearings, as compared to two in the preceding year. Given the complexity of a damage claim, these files are most typically heard by a three-person panel.

The last point of contact between the parties and the board is termination of a Right of Entry Order either because the operator is not using the land or when the land is reclaimed as evidenced by a reclamation certificate issued by Alberta Environment and Parks. In 2020, there were 73 applications for termination, as compared to 33 in 2019.

The legislation provides for an internal appeal mechanism provided certain prerequisites are met. Under section 29, the parties also have the option of requesting a review of any board decision. In 2020, there were 22 applications for review, as compared to 26 in 2019. The powers under section 29 also allow the board to vary or amend compensation orders when parties change. Recent amendments to the Act championed by the board have eliminated the need for thousands of applications to reflect changes in ownership.

Regardless of the nature of the application, for all contested matters, the board schedules pre-hearing telephone conferences – described as a dispute resolution conference – to set dates for the exchange of documentation between the parties, identify issues, and to schedule the hearing dates. This process also provides an opportunity to discuss settlement. The board has been successful in having parties agree in over 96 per cent of the cases before it.

Of the matters that proceeded to hearing in 2020 for all application types other than section 36 matters, there were 536 written hearings and 12 oral hearings requiring 30 days of testimony and argument. The pandemic-driven switch from in-person to virtual hearings accelerated the move to paperless hearings and pre-disclosure to the board, as well as the reassignment of staff to act as facilitators for all hearings and pre-hearing test runs.

While the board has struggled with the timely release of decisions for many years as a direct result of a lack of experienced board members, by the end of 2020, it had met its self-imposed targets to issue decisions on routine hearings within 90 days and complex matters within 120 days. For precedent-setting or landmark decisions, the panel sets its own timelines for the decision. This could not have been achieved without the appointment of full-time board members and recruitment to the vacant board positions in 2020.

The most time-consuming and labor-intensive work of the Surface Rights Board involves applications by landowners for recovery of compensation when operators default under section 36 of the *Surface Rights Act*.

Land Compensation Board

Expropriation is a government power that has a fundamental and profound impact on the rights of citizens. Expropriation is defined as the government's right to take the whole or part of privately owned land for public use and benefit, upon the obligation to pay just compensation to the owner. Where the expropriating authority is an agency other than the Government of Alberta or a municipality (such as an irrigation district, wastewater commission, or utility company), the Land Compensation Board is the authority that decides whether an expropriation should proceed. If there is an objection, the board will, after conducting an inquiry and providing its reasons in a report, decide whether to approve the expropriation. The test to be applied is whether the expropriation would be fair, sound, and reasonably necessary in achieving the objectives of the expropriating authority.

Regardless of what entity institutes expropriation proceedings, if the parties cannot agree on compensation, the Land Compensation Board is the tribunal with the authority to decide. The amounts of compensation claimed will vary depending on the nature of the loss or damage, but there is no limit and multi-million dollar claims are not unusual when business interests are concerned. The legislation also gives the board the authority to award an owner reasonable legal and appraisal costs incurred for determining compensation. Claims for costs in complex cases can exceed \$1 million dollars. Given the financial and personal interests property owners have in their land, homes, and businesses, emotions can run high, making expropriation hearings perhaps the most controversial of the work of the four boards. Decisions of the board are final and are reviewable only by the Court of Appeal.

The volume of work increases when there is an increase in the number of infrastructure projects such as the building of roads, light rail transit, flood mitigation, public parks, sports and entertainment complexes, community development, irrigation, or wastewater systems. A single major project can generate hundreds of claims for compensation by landowners and tenants, and a typical file will take months, or even years, before the parties are ready for a hearing.

In 2020, there were 44 new claims for compensation as compared to 11 claims in 2019, a 300 per cent increase. This was the result of a public works project in Calgary, light rail transit expansion projects in Edmonton and Calgary, the Yellowhead Freeway Conversion Program in Edmonton, and one application regarding a road closure in Lethbridge County.

The total dollar value claimed with respect to 40 of 44 claims exceeded \$144.5 million, as compared to the dollar value of claims in 2019 of \$3.5 million. (Note: the dollar amount was not specified in four cases, so the actual value was likely much higher.)

Given the complexity of these matters, preliminary applications are a common feature. In 2020, the board heard six applications by way of Notice of Motion. This included a request for interim costs, motions to compel answers, and a precedent-setting application where a municipality sought to have a claim for compensation dismissed prior to a hearing.

As to matters that did proceed to hearing in 2020, there was one oral hearing and five hearings by way of written submissions. Nine decisions were issued in 2020, a 50 per cent increase from 2019.

New policies instituted in 2019 designed to make proceedings more efficient continued in 2020. These include an investment in pre-hearing conferences, a move toward written hearings for preliminary matters, and the board's insistence that hearing dates will not be set until the board member handling pre-hearing matters is confident that the hearing participants are ready and that full disclosure has been made. These changes have resulted in considerable savings for hearing participants and for the board, and this move to a greater number of written hearings proved to be an extremely viable option as the board complied with COVID-19 restrictions over the past year.

Finally, part of the mandate of the board is public outreach. To this end, the board has completed a major upgrade of its website and migrated it to Alberta.ca. The new website contains more detail and includes new and updated information for those appearing before the board, and more information on expropriation procedures, the key legislation, and the board's processes. The website also links to helpful resources to make it more user-friendly.

New Home Buyer Protection Board

The mandate of the *New Home Buyer Protection Act* is to protect new homeowners by requiring that builders carry sufficient insurance to compensate for poor workmanship and by establishing a regulatory agency for the industry. The board is the tribunal that hears appeals of the regulator's decisions – authorization granted or refused, suspended, or cancelled – whether exemptions should apply, and enforcement activities such as compliance orders and administrative penalties. The board shares resources and members with the Municipal Government Board.

Although 14 appeals were filed from 2014 to 2016, there have been no appeals in the period from 2017 through 2019. External factors such as the state of the economy and the success of the regulatory agency in achieving compliance will have an impact on the number of appeals filed in a given year.

5.2 Assist parties with resolving their disputes by providing effective alternative dispute resolution and mediation services.

There is a spectrum of dispute resolution processes known as alternative dispute resolution used by all the boards to encourage efficient hearings, and potentially, settlement. When the parties can agree, the solutions are typically quicker, cheaper, more creative, confidential, less stressful, and less uncertain. Furthermore, there is no downside to mediation. The parties can always back out of alternative dispute resolution and go to a hearing.

Different Processes are Effective for Different Matters: Case Management

The most informal alternative dispute resolution process is case management, which involves staff contacting the parties separately, setting dates for exchange of information (which is not mandated by

legislation), and identifying the key issues. Case management is particularly well-suited to subdivision appeals, where legislation requires that a hearing be held within 60 days of the date of filing an appeal. Case management is also very effective with designated industrial property appeals, given the complexity of the files and the sophistication of the participants.

Pre-hearing Conference – Dispute Resolution Conference

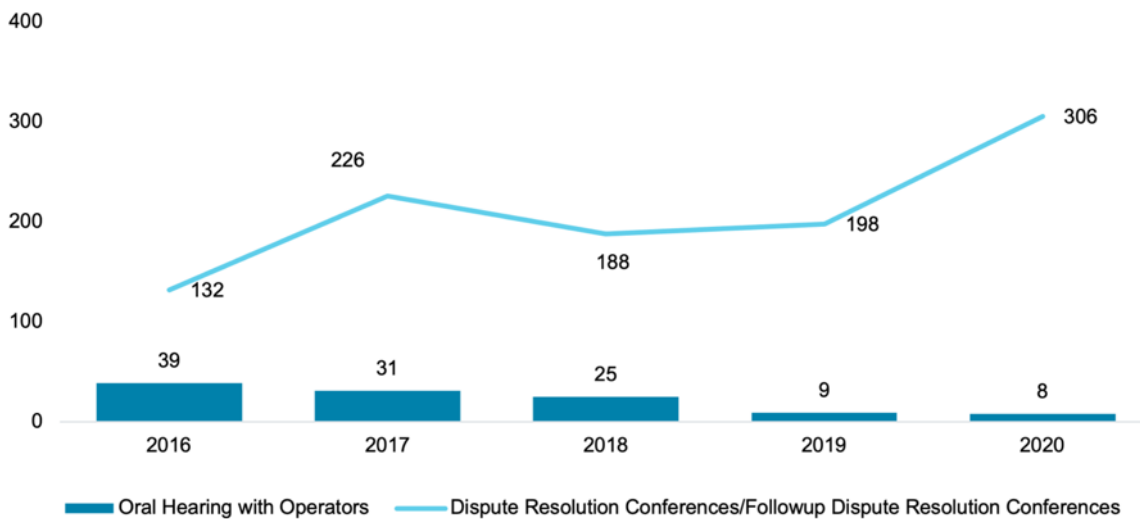
A more formal process is the pre-hearing conference also known as dispute resolution conference with both sides of a dispute. In a dispute resolution conference, board staff encourage the participants to find common ground and to resolve the dispute. Failing resolution, participants are encouraged to work toward a more efficient and effective hearing by:

- agreeing to hearing dates;
- identifying the issues in dispute;
- preparing an agreed statement of facts and a common exhibit book; and
- exchanging witness lists and summaries of the evidence.

This is a process very similar to the pre-trial conference used extensively in the court system.

Of all the four boards, alternative dispute resolution is best suited to the work of the Surface Rights Board. As the relationship between landowners and operators may last for decades, agreement between the parties is the best option. The exception to this is the section 36 application; these applications do not lend themselves to a mediated settlement, as the very reason the matter is before the board is because the operator is insolvent.

Number of Oral Hearings and Dispute Resolution Conferences/Followup Dispute Resolution Conferences



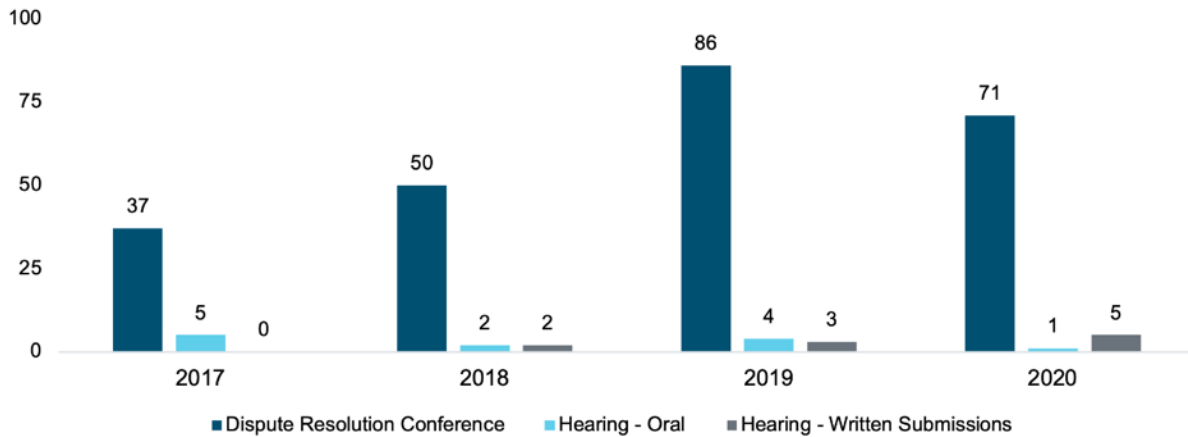
Since 2016, the Surface Rights Board has placed considerable emphasis on proactively encouraging resolution. Dispute resolution conferences have been particularly successful in reducing the number of files proceeding to hearing. However, the investment in time is considerable. In 2020, 449 dispute resolution conferences were scheduled with 306 proceeding, as compared to 317 scheduled in 2019 with 217 proceeding. The percentage of files that were resolved prior to a hearing where there was an operator participating has risen to 96 per cent compared to a 90 per cent success rate in 2019. As reported earlier, there were only 12 hearings in 2020, an improvement from the 21 hearings that were held in 2019. These

statistics do not include files where the operator is defunct, as there is no opportunity for settlement. The chart above (Number of Oral Hearings and Dispute Resolution Conferences/Followup Dispute Resolution Conferences) illustrates the correlation between dispute resolution conferences and settlements in 2020.

The success of the alternative dispute resolution program has resulted in substantial savings. A conservative estimate of the cost of a one-day hearing before a panel of three members is approximately \$3,275, and this does not include the costs for the hearing participants or the additional board member time required for decision making and writing. Using that as a minimum, alternative dispute resolution processes have saved the board and the hearing participants more than 200 days of hearings – or more than \$655,000 in savings in a single year.

Case management and prehearing conferences have also been hugely successful in the work of the Land Compensation Board. In 2020, 83 prehearing conferences were scheduled with 71 matters proceeding. This was slightly down from the numbers in 2019, but the savings were just as substantial, with only one matter proceeding to an oral hearing and five matters heard by way of written submissions. The chart below illustrates the correlation between dispute resolution conferences and settlement in 2020:

Land Compensation Board Summary of Proceedings



The most formal alternative dispute resolution process is mediation, which requires facilitation by recognized experts in dispute resolution. Formal mediation has been highly successful for both the Surface Rights Board and the Land Compensation Board. In the mediations conducted by the director of dispute resolution for Surface Rights Board files, there were three mediations that proceeded in 2020, with one ongoing, but five more scheduled mediations resolved prior to the proceeding.

For the Land Compensation Board, five mediations were conducted in 2020 resulting in settlements in three files where the value of the claims exceeded \$25 million; the settlements eliminated 21 days of hearing time from the board schedule, and saved around \$70,000. Board members having expertise in mediation will continue to provide these services in the future.

5.3 Provide certification training and support to municipal Assessment Review Boards.

The Municipal Government Board oversees all Composite Assessment Review Board hearings by providing a provincial representative to act as the presiding officer, but the board is also responsible for training all Assessment Review Board members and clerks throughout the province. This training gives municipalities the knowledge and tools to process assessment complaints fairly and in accordance with all applicable legislation. The course curriculum covers principles of property assessment and administrative law.

As part of the ministry's red tape reduction efforts, the member training has been shortened from four to three days, with a greater emphasis on the role of board members and quasi-judicial decision makers. The board is also actively encouraging regional boards so that the investment in training is reduced for smaller municipalities and the trained members benefit from greater exposure to board work.

In 2020, 227 participants attended 12 training sessions: four in-person sessions prior to the COVID-19 restrictions taking effect and eight as virtual training sessions. As a result, 74 new members and 56 new clerks were certified. As well, 14 board members were recertified, and 62 members and 21 clerks participated in advanced training in areas of specialization.

In late 2019, the Municipal Government Board took on additional responsibility for the training and certification of members and clerks of local Subdivision and Development Appeal Boards across the province. In 2020, 76 members and clerks attended three in-person and five virtual training sessions that resulted in certification for members and clerks from 30 different municipalities. The demand for this training is expected to rise in 2021, and sessions to accommodate 120 participants have already been scheduled. Surveys conducted after the fact showed that participants were extremely pleased with the training.

Performance Indicator 5.b: Percentage satisfied or neutral regarding Municipal Government Board support to Municipal Composite Assessment Review Boards

Prior Years' Results					2020 (2019)
2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	
100%	100%	99%	96%	99%	99%

The 2020 survey measured results for the 2019 calendar year (January 1 to December 31, 2019). The board achieved a result of 99 per cent in the 2020 survey, which is identical to the 2019 survey result.

The results show that the Composite Assessment Review Board clerks were satisfied with the performance of the members assigned to their hearing. The Municipal Government Board has historically achieved a high result of 99 to 100 per cent.

Some negative comments received in the survey involved board members requiring more training with navigating and using Windows software and the Municipal Government Board's requirement for a two-day notice for hearing cancellations. All remaining comments were either positive, or recommendations for other services.

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

5.4 Strengthen the rights of landowners and operators to fair and timely decisions on surface rights matters by streamlining internal processes and reducing timelines for issuing decisions.

When operators fail to make annual compensation payments, landowners have the right to apply for relief under section 36 of the *Surface Rights Act*. With evidence establishing the prerequisites identified in the legislation, the Surface Rights Board has the power to terminate the right of the operator to profit from the land and to direct annual payments to the landowner through the Government of Alberta's General

Revenue. The debt then becomes a debt owed to the government. This is a quasi-judicial process, and decisions of the Surface Rights Board are only reviewable by the Court of Queen's Bench.

Section 36 applications are unique, as board staff compile the evidence package on behalf of landowners. While all of the evidence is publicly available, it would take months of work for a solitary applicant to compile the information required. Staff work with the applicants to provide the best evidence available before the file is put before a board member for decision. Of course, there are two parties: the applicant and the operator. Issues will arise, such as the amount of compensation, who is the responsible operator, and to whom payment should be made. As a successful application results in funds being directed from the Government of Alberta's General Revenue, there is an overriding duty of care to the taxpayer to ensure there is no reasonable likelihood that a responsible operator could pay.

Staff at the four boards are able to assist parties in 14 different languages. Some of these include French, Spanish, Japanese, Punjabi, Hindi, Newari, Mandarin, and Nepali.

For many years, operators paid annual compensation without intervention by the board. However, low commodity prices in the oil and gas sector led to a number of major operators being forced into insolvency, resulting in landowners entitled to compensation not being paid. To put this in context, for many years the board received approximately 300 to 400 applications per year. This changed dramatically in 2016 when the board received more than 2,500 applications. The trend is continuing with the board receiving more than 3,600 applications in 2019 and almost 5,000 in 2020. These increases not only involve new applications but also repeat applications where landowners have not been paid over successive years.

The board has responded by reallocating employees and other resources, streamlining applications, and moving to a paperless system but it has been unable to keep up with the volume. By December 2019, there were more than 4,500 unopened applications. Acknowledgement letters fell two years behind and the demands that operators pay or face termination were also delayed. Based on the volume of applications in 2019, the expectation was that the backlog would reach beyond 6,000 applications by the end of 2020. At that rate, processing time for a first-year application would be five years.

On February 29, 2020, the government announced that it would direct \$1.7 million to a special project aimed at eliminating the backlog of acknowledged applications by September 30, 2020, and eliminating the backlog in processing applications – both new and repeat – by March 31, 2020. Fifteen new staff members would be hired to supplement existing staff, an extraordinary investment in a time of fiscal restraint.

The task faced by the new staff was monumental. At the time funding was announced, there were almost 1,500 unacknowledged applications, more than 1,000 repeat applications and almost 5,300 applications waiting to be processed.

Eighteen days later, on March 17, 2020, the province declared a state of emergency. The next day, almost all staff were working from home. While some volunteered to stay behind to continue to accept applications by mail, the employees working from home faced connectivity problems and levels of productivity temporarily declined.

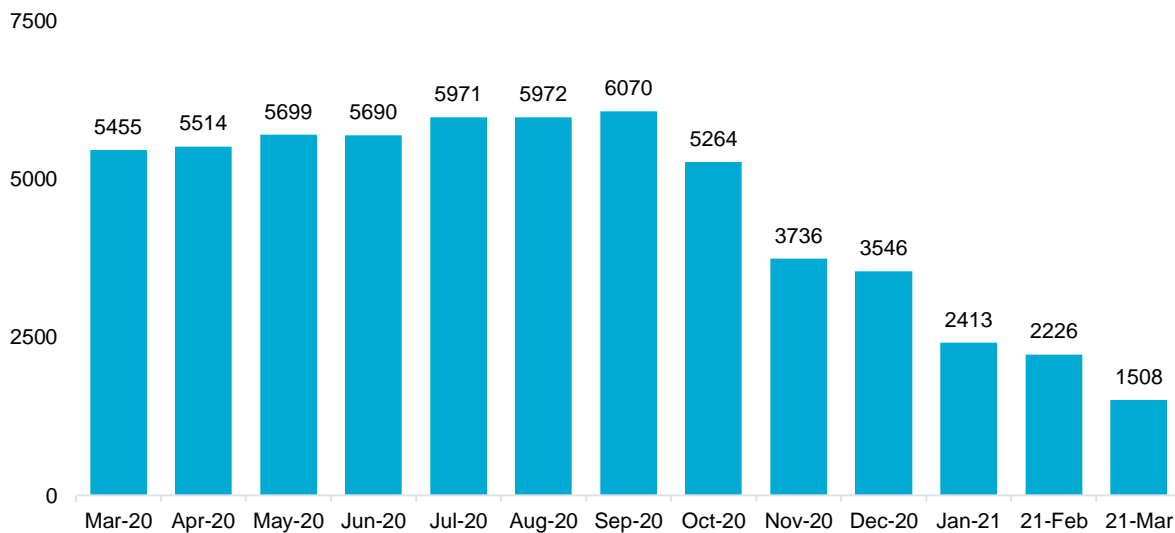
At the same time, the financial pressures resulting from the COVID-19 pandemic created a sudden spike in the number of applications, rising more than 30 per cent compared to 2019 levels. While funding was in place to hire new staff, the COVID-19 crisis had an impact on the recruitment process, both in terms of complications around the virtual interview process and the hundreds of people applying for the new positions. It took until May 2020 for the first staff to be hired, and the full complement of fifteen were not in place until August.

Regardless of these challenges, the backlog of unacknowledged applications had been cleared by August 2020 – six weeks earlier than anticipated. The team had eliminated the backlog in repeat applications by September 2020 – six months earlier than promised.

Despite these successes, there were new challenges. Four experienced members of the section 36 team left. While amendments to the *Surface Rights Act* eliminated the barrier that insolvency proceedings presented, this added hundreds of files to the queue. By identifying files that required further investigation from those that could be processed more quickly, the team removed almost 1,500 files from the backlog. This better division of labour resulted in efficiencies for both types of files. An e-filing portal that staff had been working on since March 2020 went live on December 1, 2020, which meant landowners could apply online. By automating this part of the process, the team could redirect its energies to processing backlogged files. While the backlog of applications was around 6,000 in September 2020, this number was cut in half by December. Another new process, developed by working with in-house legal counsel, saw the board issuing a demand for payment to operators immediately after receiving a complete application, rather than waiting until the end of the process. This resulted in operators paying landowners immediately in more than 16 per cent of cases.

As a result of the 4,546 hearings conducted by the board in 2020, more than \$20 million was directed to be paid to rural landowners, compared to \$8 million in 2019. The chart below illustrates the progress the Surface Rights Board made in eliminating the backlog from March 2020 to March 2021:

Number of Backlogged Applications 2020-21



Once the backlog is eliminated, processing of first-year applications is expected to take 30 to 90 days, based on the statutory requirements for notice.

5.5 Legislatively amalgamate the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board into a single board, to further reduce duplication and ensure efficiency.

Following a government-wide review of agencies, boards, and commissions, direction was given to amalgamate the four boards, based on their similar mandates and operations.

The administrative amalgamation, completed in 2017, has realized positive results, including reducing duplication, centralizing administrative support, and reducing oversight of all board operations to a single chair.

In fall 2020, legislation amalgamating the four boards was passed, with an in-force date of June 2, 2021. The new board, which will be called the Land and Property Rights Tribunal, will have the same jurisdiction and responsibilities currently assigned to each individual board. A consolidated framework will include:

- cross-appointments for members;
- streamlined procedures;
- ability to retain our most experienced members; and
- greater efficiency in training programs.

The legislative change will have no impact on the rights of Albertans but will translate to savings in training, recruitment, and administration.

The net cost-savings that resulted from administratively amalgamating the boards is more than \$615,000, annually.

Performance Measure and Indicator Methodology

Performance Measure 1.a: Percentage of municipalities deemed to be not at risk based on financial and governance risk indicators

Prior Years' Results				2020-21 Target (2019)	2020-21 Actual (2019)
2016-17	2017-18 (2016)	2018-19 (2017)	2019-20 (2018)		
Not Available	91%	93%	94%	90%	94% ¹

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

Methodology

The percentage of municipalities deemed to be not at risk is modelled by a set of calculated risk indicators based on information collected from:

- audited financial statements;
- municipal financial information returns;
- local government election records in the Elections Database; and
- ministerial actions tracked in the Action Request Tracking System.

The model assesses each municipality's risk based on 13 indicators derived from the source data for each municipality. Each indicator has a defined trigger level; a municipality would either trigger or not trigger each indicator. The outcomes of all indicators are entered into the risk model. A municipality is deemed at risk if it triggers one of the two critical indicators, or three or more of the 11 non-critical indicators.

The two critical indicators are: 1) legislatively permitted ministerial interventions, and 2) audit outcomes.

Ministerial Interventions

Ministerial interventions are triggered if any of the legislated ministerial actions, such as appointment of an official administrator, settlement of intermunicipal disputes, or initiation of a viability review, occurred in the given calendar year, or if a municipality is part of a multiyear ministerial process, such as the minister setting the budget for a municipality due to a budget deficiency. This is confirmed through documentation found in the Action Request Tracking System.

Audit Outcome Indicators

An audit outcome indicator is triggered if either a "going concern" or a "denial of opinion" is found in the municipality's audited financial statements.

The non-critical indicators include:

- eight financial indicators calculated from the financial information provided by municipalities;
- population change, based on the ministry's annual population lists;

- interest in municipal office, calculated from records 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:

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

As municipalities gather and report their information on a calendar year basis and this information is not provided to the department until after the end of the Government of Alberta’s fiscal year, results are for the calendar year with a one-year delay. For example, results for 2020-21 reflect the 2019 calendar year.

Source

Data Collection Processes

The 2020-21 result reflects the 2019 calendar year (January 1 to December 31, 2019). The *Municipal Government Act* requires each municipality to prepare and submit annual audited financial statements and a financial information return to Municipal Affairs by May 1 of each year for the previous financial (calendar) year. This deadline was extended to October 1, 2020, in recognition of the challenges municipalities were facing in spring 2020 due to the COVID-19 pandemic. An independent auditor contracted by the municipality audits the financial statements. The financial statements are certified by the auditors and approved by the municipal council before submission to Municipal Affairs. The audit outcome indicator is based on the audit opinions given to the municipality by the municipality’s auditor. The audit opinion is part of the audited financial statements that municipalities are required to submit to the ministry annually.

The financial information return is a standard set of year-end reports that capture detailed financial information for each municipality. Municipal Affairs provides a financial information return form for municipalities as a means to simplify data submission. The financial information return form must be certified by the organization’s signing authorities before the information is accepted by Municipal Affairs. The data from the forms is loaded into the ministry’s Municipal Financial Information System and populates the relevant tables in the system’s Oracle database.

Municipal financial information returns use the Municipal Financial Information System, and data is gathered from the audited financial information returns received from all municipalities. The reporting period is a calendar year, and information is collected once a year (May-July) and reported annually.

A set of manual and automated processes in the Municipal Financial Information System ensures the data is verified and validated; administrative dates are tracked; and a municipality’s financial reporting progress is monitored. Municipalities flagged with data anomalies receive followup phone calls and/or emails from Municipal Affairs staff, and the municipality may be asked to provide additional supporting documents and/or data corrections.

The Elections Database is an online tool for municipalities to report candidate information, election results, and elected official information to Municipal Affairs. For each municipal election, the municipality is

required to report the election information according to the specified timelines found in the *Local Authorities Election Act*. Municipalities have the choice of entering the election information directly to the Elections Database or uploading the election information to the Elections Database by using pre-programmed loadable forms. The indicator – election candidates to positions ratio – is calculated based on the election information reported by the municipalities and stored in the Elections Database.

Local government election records are collected from the Elections Database, which contains details from all municipalities in Alberta. Information is gathered every four years (for municipal general elections/summer village elections) and on an ongoing basis for by-elections. Data is updated after every election but compiled annually (January).

The Action Request Tracking System is an internal database that tracks formal correspondence entering and leaving the Government of Alberta. This database is updated on a daily basis as correspondence is received or ministry action is required. This review process and the outcomes are tracked 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 Corporate Policy and Red Tape Reduction Unit. If a signed approval document authorizing ministerial action against a municipality is found in the Action Request Tracking System or in the list maintained by the ministry for that year, the municipality is deemed to have triggered this indicator. Information on ministerial interventions are gathered from the Action Request Tracking System – specifically from ministerial correspondence provided to municipalities, where the minister was required to take action. This information is gathered and reported on annually.

Each year, Municipal Affairs publishes a population list of all Alberta municipalities based on the most recent municipal census or latest federal census. The list contains municipal census population figures submitted to the ministry as of September 1 of the reporting year, in accordance with 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.

The Municipal Affairs Population List is gathered from population counts received from federal census or municipal census. Information is collected each November and reported annually by municipalities that complete a municipal census.

Performance Measure 2.a: Regulatory requirements reduced across the ministry

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

Methodology

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

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

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

Source

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

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

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

Prior Years' Results				2020-21 (2020) Target	2020-21 (2020) Actual
2016-17	2017-18	2018-19 (2018)	2019-20 (2019)		
Not Available	Not Available	0.83	0.80	0.87	0.59

Methodology

Ministry staff review incident reports with injuries and/or fatalities identified, and determine which were caused by structural or mechanical failure. This rationale for each safety discipline is documented in detail to ensure consistency across disciplines and so that it can be replicated in future years.

Ministry staff multiply the number of injuries and fatalities by 100,000, then divide that product by the total provincial population reported by Municipal Affairs, in compliance with the Determination of Population Regulation 63/2001.

$$\frac{\text{Number of injuries and fatalities X 100,000}}{\text{provincial population}}$$

Source

Data for this measure comes from a combination of:

- incident reports from incidents reported by safety codes officers to the administrators for each discipline; and
- population data from Municipal Affairs.

Incident reports

Under the Administrative Items Regulation of the *Safety Codes Act*, safety codes officers are required to report incidents to their respective discipline's technical administrator, including events that result in injuries or fatalities.

Population data

Population figures have historically been based on the latest municipal or federal census counts reported to the Minister as of September 1 (of the calendar year) in compliance with the Determination of Population Regulation 64/2001 under Section 604 of the *Municipal Government Act*. This regulation was repealed in 2020. Treasury Board and Finance will now provide population estimates.

In the absence of population estimates from Treasury Board and Finance during the transitional year, Municipal Affairs will continue to use 2019 population counts.

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

Prior Years' Results				2020
2016	2017	2018	2019	
6.20	7.11	5.12	4.05	3.04

Methodology

Ministry staff review incident reports with injuries and/or fatalities identified, and determine which were not caused by structural or mechanical failure. This rationale for each safety discipline is documented in detail to ensure consistency across disciplines and so that it can be replicated in future years.

Ministry staff multiply the number of injuries and fatalities by 100,000, then divide that product by the total provincial population reported by Municipal Affairs, in compliance with the Determination of Population Regulation 63/2001.

$$\frac{\text{number of injuries and fatalities X 100,000}}{\text{provincial population}}$$

Source

Data for this measure comes from a combination of:

- incident reports from incidents reported by safety codes officers to the administrators for each discipline; and
- population data from Municipal Affairs.

Incident reports

Under the Administrative Items Regulation of the *Safety Codes Act*, safety codes officers are required to report incidents to their respective discipline’s technical administrator, including events that result in injuries or fatalities.

Population data

Population figures have historically been based on the latest municipal or federal census counts reported to the Minister as of September 1 (of the calendar year) in compliance with the Determination of Population Regulation 64/2001 under Section 604 of the *Municipal Government Act*. This regulation was repealed in 2020. Treasury Board and Finance will now provide population estimates.

In the absence of population estimates from Treasury Board and Finance during the transitional year, Municipal Affairs will continue to use 2019 population counts.

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

Prior Years' Results				2020
2016	2017	2018	2019	
402.85 ¹	102.76	100.26	80.37	87.25

Note: 1. The 2016 fire number includes the Wood Buffalo wildfire. When the wildfire is excluded, the number of fire reports per 100,000 population is 100.81.

*The 2016 fire number includes the Wood Buffalo wildfire. When the wildfire is excluded, the number of fire reports per 100,000 population is 100.81.

Methodology

Ministry staff determine the count of all fire reports entered in the Fire Electronic Reporting System. Fires where the “act or omission” is coded as being related to a mechanical or system failure are excluded from the total.

Ministry staff multiply the number of fire reports by 100,000, then divide that product by the total provincial population reported by Municipal Affairs, in compliance with the Determination of Population Regulation 63/2001.

$$\frac{\text{number of fire reports} \times 100,000}{\text{provincial population}}$$

Source

Fire Reports

The source of this data is the Fire Electronic Reporting System. Under sections 8 and 9 of the Administrative Items Regulation, accredited municipalities are legislated to investigate and report all dollar loss and casualty fires to the fire commissioner. Safety codes officers in the fire discipline complete these reports. The system also receives fire reports from insurance adjusters.

Where an unaccredited municipality has a loss or casualty fire, the ministry is the responsible entity for the fire investigation and subsequent report.

Excerpt from Section 8 of the Administrative Items Regulation:

Reporting and investigating fires

8(1). Subject to subsection (2), if the responding officer of a fire department knows of a fire within the department's jurisdiction in which a person dies or suffers an injury that requires professional medical attention or in which property is damaged or destroyed, the reporting officer must report the fire to a safety codes officer for the fire discipline.

8(2). A safety codes officer for the fire discipline must investigate the cause, origin, and circumstances of every fire within the safety codes officer's jurisdiction in which a person dies or suffers injury that requires professional medical attention or in which property is damaged or destroyed.

8(3). This section does not apply to forest fires.

While forest fires are exempt from investigation and reporting under the Administrative Items Regulation, property loss suffered as a result of a forest fire is reported to the ministry's fire commissioner.

Population data

Population figures have historically been based on the latest municipal or federal census counts reported to the Minister as of September 1 (of the calendar year) in compliance with the Determination of Population Regulation 64/2001 under Section 604 of the *Municipal Government Act*. This regulation was repealed in 2020. Treasury Board and Finance will now provide population estimates.

In the absence of population estimates from Treasury Board and Finance during the transitional year, Municipal Affairs will continue to use 2019 population counts.

Performance Measure 4.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

Prior Years' Results			2020-21 Target	2020-21 Actual
2017-18	2018-19	2019-20		
96%	93%	85%	90%	83%

Methodology

Field officers develop and maintain relationships with all communities in their region. Their responsibilities include the review of community emergency management plans and routine visits to the communities to engage stakeholders and ensure local authorities have the requisite tools available to develop robust emergency management programs.

Field officers review community emergency management plans using one of the following two methods:

1. Communities participating in Community Emergency Management Program: For communities using this tool, field officers will use a continual improvement approach by reviewing and providing feedback to the communities. Once satisfied that a community is ready for a final review, field officers will schedule a visit to review the plan in person with the community's director of emergency management or another appropriate representative. Following the in-person review, the field officer will track and address management of outstanding issues or concerns.
2. Communities not participating in Community Emergency Management Program: For communities that are not program users, the field officer will conduct an in-person review with a representative from the local authority, preferably the director of emergency management.

The following equation is used to process the data collected in Community Emergency Management Program:

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

This performance measure is calculated by comparing the communities that have been visited by an Alberta Emergency Management Agency field officer and had their community emergency management plan reviewed, to the total number of communities in Alberta. The resulting ratio is expressed as a percentage. A confidence interval is not applicable, since a representative sample is not used for statistical inference.

The data analysis for this performance measure only includes the communities that have been visited by a field officer and had their community emergency management plan reviewed, either remotely or in person. With the continued implementation of the Community Emergency Management Program tool, field officers now have the ability to conduct plan reviews remotely. Communities that have had their community emergency management plans reviewed remotely, but an in-person visit has not yet taken place, are excluded from this performance measure.

For communities that have adopted a regional approach for developing emergency management plans, field officers review the regional plan and meet with the appropriate municipal representative for the region. Review of an emergency management plan for a region, and subsequent field visits, count as a review and visit for all constituent communities. Each constituent community of a regional community emergency management plan is counted separately for this performance measure, rather than just counting one review and field visit.

Source

Data and information regarding field visits and reviews of community emergency management plans (those completed both in-person and remotely) is recorded in the Community Emergency Management Program, even if a community is not a participating program user.

The Community Emergency Management Program tool is administered by a dedicated coordinator with full access rights to the database. The data is stored and maintained in the program and provides workflow management functionality for tracking corrective actions taken by a municipality. Field officers retain records from the review process to supplement the data and information entered into the program.

The Alberta Emergency Management Agency endeavours to update data in the Community Emergency Management Program as work occurs, or at least once a month. Ideally, data is entered at the time of the review; however, this is not always feasible. Senior management in the Provincial Operations branch of the Alberta Emergency Management Agency has the ability to conduct quality assurance checks to ensure data entered into the Community Emergency Management Program tool is accurate.

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

Prior Years' Results			2020-21 Target	2020-21 Actual
2017-18	2018-19	2019-20		
100%	94%	78%	90%	41%

Methodology

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

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

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

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

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

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

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

Source

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

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

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

Performance Measure 5.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

Prior Years' Results			2020-21 (2019-20) Target	2020-21 (2019-20) Actual
2017-18 (2016-17)	2018-19 (2017-18)	2019-20 (2018-19)		
88%	89%	88%	88%	93%

Methodology

This measure uses a survey each spring of participants who appeared before the board in the preceding fiscal year. The target/results report on the actual results for hearings that took place during the previous fiscal year (e.g., the 2020-21 results reflect hearings that took place from April 1, 2019, to March 31, 2020). A survey is completed using Opinio software, which has settings that protect the anonymity of the participants in the survey.

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.

There was a low response rate for the survey conducted in spring 2020, as only 42 complete responses were received – for a response rate of 36 per cent.

Source

Parties participating in the appeal process and directly affected by Municipal Government Board decisions are in the best position to judge the board's performance. The parties that appeared before the Municipal Government Board between April 1, 2019, and March 31, 2020, are surveyed in 2020, and their responses are used to calculate the measure's results.

The measure recognizes the expectation that the Municipal Government Board achieves efficiency in hearing and deciding appeals. One question is about the timeliness of hearings and five questions are about the fairness of the hearing process.

Performance Indicator 5.b: Percentage satisfied or neutral regarding Municipal Government Board support to Municipal Composite Assessment Review Boards

Prior Years' Results					2020 (2019)
2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	
100%	100%	99%	96%	99%	99%

Methodology

The listing of clerks who requested information or required a member from January 1 to December 31 of the previous year are compiled from the legal files database and emails exchanged during the year. Each May, all Assessment Review Board clerks who contacted the Municipal Government Board are sent an email requesting the survey be completed. Two weeks after the first email, a reminder is sent to all clerks who did not respond.

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

A neutral response is interpreted as satisfied, given that some hearings are cancelled and clerks may have no further comments to make.

Source

Assessment review board clerk information is maintained on a contact spreadsheet, and hearing information is gathered from the Municipal Government Board's legal files database. The board used Opinio survey software to collect data anonymously and produces reports from the survey responses; the reports are stored on the Government of Alberta server.

The indicator uses a survey that takes place in May and is completed in June to capture all clerks who, during the preceding calendar year, requested board members as presiding officers, or information on hearing procedures or legislation (e.g., the 2020 survey results reflect hearings that took place in the 2019 calendar year (January 1 to December 31, 2019)).

Financial Information

Consolidated Financial Information

For the year ended March 31, 2021

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Ministry of Municipal Affairs

Reporting Entity and Method of Consolidation

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

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The *Government Organization Act* defines a ministry as including the department and any provincial agency and crown-controlled organization for which the minister is responsible. The accounts of the ministry, which includes the Department of Municipal Affairs (*Government Organization Act*) and the Safety Codes Council (*Safety Codes Act*) are fully consolidated using the line-by-line method.

Under this method, accounting policies of the consolidated entities are adjusted to conform to the government, and the results of each line item in their financial statements (revenues, expenses, assets and liabilities) are included in government's results. Revenue and expense, capital, investing and financing transactions, and related asset and liability balances between the consolidated entities have been eliminated.

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

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

A list of the individual entities making up the ministry are shown on the "Management's Responsibility for Reporting" statement included in this annual report.

Ministry Financial Highlights

Ministry of Municipal Affairs

Consolidated Statement of Revenues and Expenses (unaudited)

Year ended March 31, 2021

(in thousands)

	2021		2020		Change from	
	Budget	Actual	Actual (Restated ¹)	Budget	2020 Actual	
Revenues						
Government Transfers						
Federal and Other Government Grants	\$ 260,669	\$ 280,945	\$ 504,385	\$ 20,276	\$ (223,440)	
Premiums, Fees and Licenses	38,125	36,084	39,074	(2,041)	(2,990)	
Investment Income	250	582	508	332	74	
Other Revenue	25,670	128,335	84,988	102,665	43,347	
Ministry total	324,714	445,946	628,955	121,232	(183,009)	
Inter-ministry consolidation adjustments	-	(32,277)	-	-	-	
Adjusted ministry total	324,714	413,669	628,955	121,232	(183,009)	
Expenses - Directly Incurred						
Programs						
Ministry Support Services	8,302	6,907	7,501	(1,395)	(594)	
Municipal Services	46,393	43,821	46,014	(2,572)	(2,193)	
Municipal Assessments and Grant Administration	26,547	21,831	23,973	(4,716)	(2,142)	
Municipal Sustainability Initiative	993,000	1,000,000	670,773	7,000	329,227	
Federal Grant Programs	260,774	820,431	482,379	559,657	338,052	
Grants in Place of Taxes	30,197	28,874	41,678	(1,323)	(12,804)	
Alberta Community Partnership	16,500	10,250	11,865	(6,250)	(1,615)	
Technical and Corporate Services	13,216	11,332	13,702	(1,884)	(2,370)	
Alberta Emergency Management Agency	76,956	308,887	115,519	231,931	193,368	
Quasi-Judicial Boards	7,741	6,907	6,258	(834)	649	
Safety Codes Council	15,054	13,519	15,127	(1,535)	(1,608)	
2016 Wood Buffalo Wildfire	-	287	387	287	(100)	
2019 Northwest Alberta Wildfires	-	-	111,784	-	(111,784)	
Municipal Stimulus Program	-	499,115	-	499,115	499,115	
Ministry total	1,494,680	2,772,161	1,546,960	1,277,481	1,225,201	
Inter-ministry consolidation adjustments	-	(2)	(4,835)	(2)	4,833	
Adjusted ministry total	1,494,680	2,772,159	1,542,125	1,277,479	1,230,034	
Annual deficit	\$ (1,169,966)	\$ (2,358,490)	\$ (913,170)	\$ (1,156,247)	\$ (1,413,043)	

1 GOVERNMENT RESTRUCTURING

Effective April 1, 2020, Alberta First Responders Radio Communications System (AFRRCS) was transferred to the Ministry from the Ministry of Service Alberta (SA). Comparatives for 2020 have been restated as if the current organizational structure had always been the same. The opening net liabilities and net financial debt as at April 1, 2020 has been restated as follows:

	2020		
	As Previously Reported	Transfer from SA	As Restated
Revenues	\$ 619,666	\$ 9,289	\$ 628,955
Expenses	1,503,625	43,335	1,546,960
Annual deficit	(883,959)	(34,046)	(918,005)
Net financing provided by General Revenues	795,186	12,443	807,629
Opening net liabilities	(106,950)	325,202	218,252
Net liabilities at March 31, 2020	\$ (195,723)	\$ 303,599	\$ 107,876

Ministry of Municipal Affairs

Consolidated Revenues and Expenses Highlights (unaudited)

Year ended March 31, 2021

(in thousands)

REVENUES

Total revenue in 2020-21 was \$445,946, a decrease of (\$183,009) from 2019-20, and \$121,232 more than budget:

Federal and Other Government Grants

2020-21 revenue was \$20,276 higher than budget mostly due to \$36,772 Disaster Financial Assistance Arrangements (DFAA) for Disaster Recovery Programs (DRP), offset by (\$16,508) lower revenue for Invest in Canada Infrastructure Plan (ICIP) programs due to project delays.

2020-21 revenue was (\$223,440) lower than 2019-20 due to a one-time Federal Gas Tax Fund top-up funding of \$229,515 from the Government of Canada in 2019-20.

Other Revenue

2020-21 revenue was \$102,665 higher than budget mostly due to \$65,317 of prior year expenditure refunds mainly related to DRP, and receipt of donated Personal Protective Equipment (PPE) in the amount of \$38,246.

2020-21 revenue was \$43,347 higher than 2019-20 due to donated \$38,246 of PPE, combined with prior year DRP expenditure refunds. Due to uncertain nature of disaster events these amounts are not budgeted.

EXPENSES

In 2020-21, total expenses were \$2,772,161, an increase of \$1,225,201 from 2019-20, and \$1,277,481 more than budget:

Municipal Sustainability Initiative

2020-21 expense was \$329,227 higher than in 2019-20 due to \$400,000 paid in 2017-18, and current year increase of \$7,000 reallocated from the Alberta Community Partnership (ACP) grant program for support provided to Fishing Lake and Elizabeth Lake Metis Settlements. It was offset by the current year reductions in the amount (\$77,800) in the program budget.

Federal Grant Programs

2020-21 expense was \$559,657 higher than budget mostly due to Safe Restart - Municipal Operating Support Transfer for \$576,259; offset by (\$16,508) lower ICIP revenue.

2020-21 expense was \$338,052 higher than 2019-20 mostly due to Safe Restart - Municipal Operating Support Transfer for \$576,259 in current year; offset by 2019-20's top-up of (\$229,515) Federal Gas Tax Fund and (\$8,709) Small Communities Fund program completion.

Alberta Emergency Management Agency

2020-21 expense was \$231,931 higher than budget mostly due to 6 new Disaster Recovery Program events, totaling \$178,160 combined with \$57,610 of COVID-19 prevention and direct costs. Due to uncertain nature of disaster events these amounts are not budgeted.

2020-21 expenses were \$193,368 higher than prior year due to 6 new DRP events in 2020-21 for a total of \$178,160 compared to 12 events in 2019-20 for a total of \$39,009 (variance of \$139,151), combined with \$57,215 of COVID-19 prevention and direct costs in 2020-21.

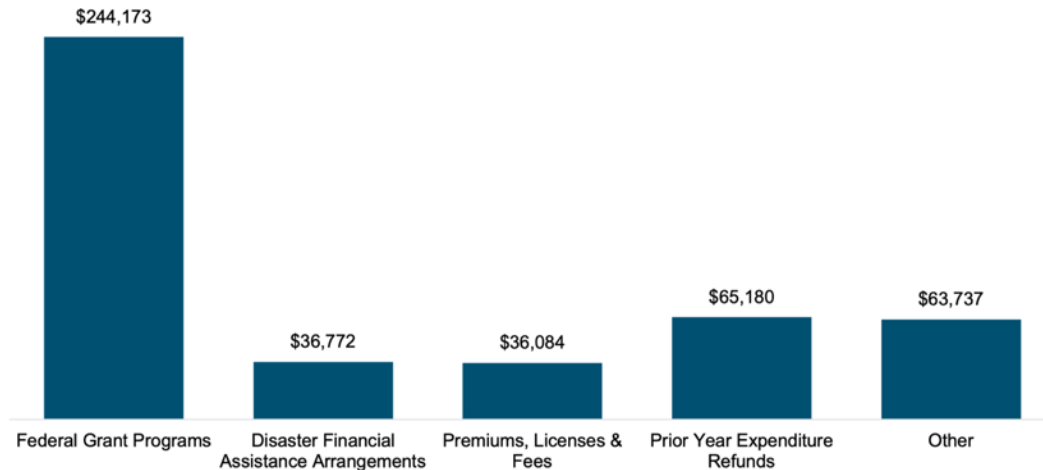
Municipal Stimulus Program

2020-21 expense was \$499,115 higher due to one time grants to help municipalities stimulate the economy through capital infrastructure investments.

Ministry of Municipal Affairs Breakdown of Consolidated Revenues (actual)

For the Year ended March 31, 2021
(unaudited)
(in thousands)

The following information presents detailed revenues of the ministry. The objective of detailed revenues disclosure is to provide information that is useful in understanding and assessing the financial impact of government's revenue raising and for enhancing legislative control.



Federal Grant Programs

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

Federal Gas Tax Fund	\$ 244,029
Investing in Canada Infrastructure	<u>144</u>
	<u>\$ 244,173</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 2020-21, DFAA includes an adjustment of \$36,772 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 2020-21 these levies totaled \$20,008.
 - The Safety Codes Council collects operating fees from municipalities, agencies and corporations as well as certification, accreditation, appeals, and course fees. In 2020-21, fees totaled \$12,293.

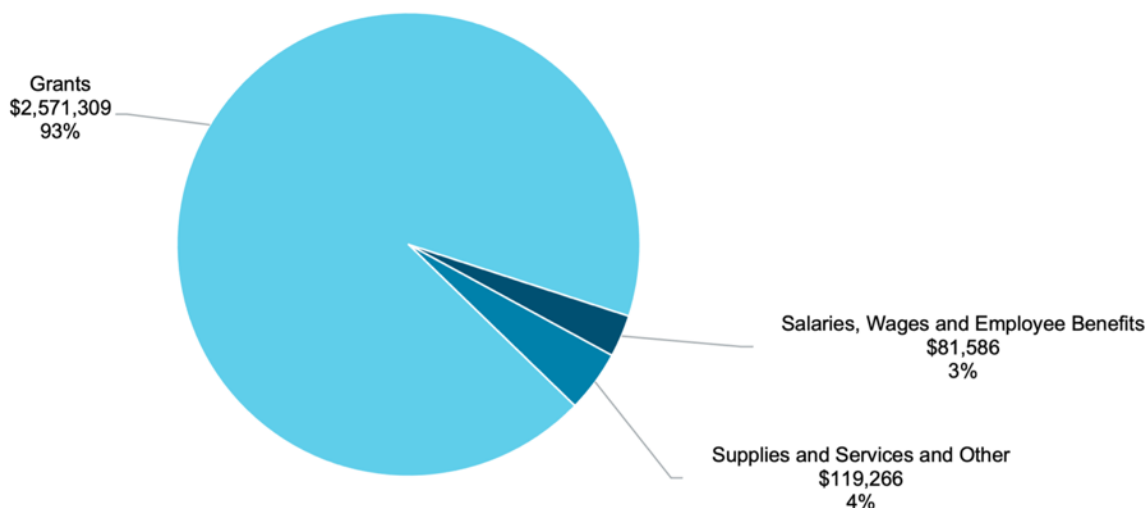
Prior Year Expenditure Refunds (PYER)

- In 2020-21 the Ministry recorded \$22,912 in PYER revenue for 2013 Southern Alberta Flood DRP as a result of reduced DRP expenditures. Other DRPs were reduced \$40,977 for a total DRP change of \$63,889. Other PYER is \$1,291.

**Ministry of Municipal Affairs
Consolidated Expenses – Directly Incurred by Object (actual)**

**For the Year Ended March 31, 2021
(Unaudited)
(in thousands)**

The following information presents expenses of the ministry that were directly incurred by object. The objective of disclosure of expenses by object is to provide information that is useful in evaluating the economic impact of government acquiring or consuming various types of resources.



The Ministry's largest operating expense was grants which totalled 93% of operating expense. The largest grant programs were as follows:

Municipal Sustainability Initiative	\$ 1,000,000
Municipal Operating Support Transfer	576,259
Municipal Stimulus Program	499,115
Federal Gas Tax Fund	243,297
Disaster Recovery	158,432
Library Services	30,132
Grants in Place of Taxes	28,874
Other	35,200
	<u>\$ 2,571,309</u>

Supplemental Financial Information

**Department of Municipal Affairs
Schedule to Financial Statements
Lapse/Encumbrance (unaudited)**
**Year ended March 31, 2021
(in thousands)**

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	(Unexpended Over Expended)
EXPENSE VOTE BY PROGRAM						
1 Ministry Support Services						
1.1 Minister's Office	\$ 872	\$ -	\$ -	\$ 872	\$ 776	\$ (96)
1.2 Deputy Minister's Office	881	-	-	881	749	(132)
1.3 Support Services	6,324	-	-	6,324	5,360	(964)
	8,077	-	-	8,077	6,885	(1,192)
2 Municipal Services						
2.1 Program Support	1,076	-	-	1,076	1,009	(67)
2.2 Municipal Policy and Planning	4,350	-	-	4,350	3,800	(550)
2.3 Municipal Capacity and Sustainability	3,905	-	-	3,905	3,111	(794)
2.4 Library Services	37,062	-	-	37,062	35,825	(1,237)
	46,393	-	-	46,393	43,745	(2,648)
3 Municipal Assessments and Grant Administration						
3.1 Program Support	1,099	-	-	1,099	812	(287)
3.2 Assessment Services	18,845	-	-	18,845	16,221	(2,624)
3.3 Grants and Education Property Tax	4,707	-	-	4,707	4,511	(196)
	24,651	-	-	24,651	21,544	(3,107)
Municipal Sustainability Initiative						
4.1 Municipal Sustainability Initiative Operating	30,000	(915)	-	29,085	29,085	-
4.2 Municipal Sustainability Initiative Capital	963,000	915	7,000	970,915	970,915	-
	993,000	-	7,000	1,000,000	1,000,000	-
5 Federal Grant Programs						
5.1 Federal Gas Tax Fund	244,029	2,874	-	246,903	244,029	(2,874)
5.3 Investing in Canada's Infrastructure - Administration	105	-	-	105	104	(1)
5.4 Investing in Canada's Infrastructure - Rural and Northern Communities	15,774	2,500	-	18,274	28	(18,246)
5.5 Investing in Canada's Infrastructure - Green Infrastructure	866	-	-	866	-	(866)
5.6 Safe Restart-Municipal Operating Support Transfer	-	576,488	-	576,488	576,259	(229)
5.7 Investing in Canada's Infrastructure - Community, Culture and Recreation	-	-	-	-	8	8
	260,774	581,862	-	842,636	820,428	(22,208)
6 Grants in Place of Taxes	30,197	-	-	30,197	28,874	(1,323)
7 Alberta Community Partnership	16,500	(1,100)	(7,000)	8,400	10,250	1,850
8 Technical and Corporate Services						
8.1 Warranty, Certification and Policy	3,536	-	-	3,536	3,138	(398)
8.2 Community and Technical Support	7,157	-	-	7,157	6,123	(1,034)
8.3 Residential Protection Program	1,988	-	-	1,988	1,528	(460)
	12,681	-	-	12,681	10,789	(1,892)

**Department of Municipal Affairs
Schedule to Financial Statements
Lapse/Encumbrance (unaudited)**

(Cont'd)

**Year ended March 31, 2021
(in thousands)**

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	(Unexpended) Over Expended
9 Alberta Emergency Management Agency						
9.1 Managing Director's Office	630	-	-	630	481	(149)
9.2 Strategy and Systems Support	3,746	-	-	3,746	3,021	(725)
9.3 Operations	5,379	-	-	5,379	5,366	(13)
9.4 Recovery Operations	2,381	-	-	2,381	2,457	76
9.5 Disaster Recovery ⁽⁵⁾	-	208,319	-	208,319	194,091	(14,228)
9.6 Emergency Preparedness Grants	150	-	-	150	-	(150)
9.7 Alberta First Responders Radio Communications System	17,035	-	-	17,035	16,212	(823)
	<u>29,321</u>	<u>208,319</u>	<u>-</u>	<u>237,640</u>	<u>221,628</u>	<u>(16,012)</u>
10 Quasi-Judicial Boards	<u>7,741</u>	<u>-</u>	<u>-</u>	<u>7,741</u>	<u>7,051</u>	<u>(690)</u>
12 2016 Wood Buffalo Wildfire						
12.1 2016 Wood Buffalo Wildfire - Recovery	-	604	-	604	282	(322)
	<u>-</u>	<u>604</u>	<u>-</u>	<u>604</u>	<u>282</u>	<u>(322)</u>
15 Municipal Stimulus Program						
Municipal Stimulus Program	-	500,000	-	500,000	499,115	(885)
	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>499,115</u>	<u>(885)</u>
Total	<u>\$ 1,429,335</u>	<u>\$ 1,289,685</u>	<u>\$ -</u>	<u>\$ 2,719,020</u>	<u>\$ 2,670,591</u>	<u>\$ (48,429)</u>
Lapse						<u>\$ (48,429)</u>

**Department of Municipal Affairs
Schedule to Financial Statements
Lapse/Encumbrance (unaudited)**

(Cont'd)

**Year ended March 31, 2021
(in thousands)**

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	(Unexpended) Over Expended
CAPITAL INVESTMENT VOTE BY PROGRAM						
1 Ministry Support Services						
1.3 Support Services	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ 6
3 Municipal Assessments and Grant Administration						
3.2 Assessment Services	8,257	-	-	8,257	1,387	(6,870)
	8,257	-	-	8,257	1,387	(6,870)
9 Alberta Emergency Management Agency						
9.4 Recovery Operations	1,509	-	-	1,509	13	(1,496)
9.7 Alberta First Responders Radio Communication System	2,300	-	3,986	6,286	2,100	(4,186)
	3,809	-	3,986	7,795	2,113	(5,682)
Total	\$ 12,066	\$ -	\$ 3,986	\$ 16,052	\$ 3,506	\$ (12,546)
Lapse						\$ (12,546)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	(Unexpended) Over Expended
FINANCIAL TRANSACTIONS VOTE BY PROGRAM						
9 Alberta Emergency Management Agency						
9.5 Disaster Recovery	\$ -	\$ 76,800	\$ -	\$ 76,800	\$ 48,340	(28,460)
12 2013 Alberta Flooding Liability Retirement						
12.1 Disaster Recovery Program - Flooding	36,839	-	-	36,839	13,308	(23,531)
Total	\$ 36,839	\$ 76,800	\$ -	\$ 113,639	\$ 61,648	\$ (51,991)
Lapse						\$ (51,991)

This Schedule is required by Section 24(4) of the *Financial Administration Act*.

(1) As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transactions Vote by Program" page 173 to page 175 of 2020-21 *Government Estimates*.

(2) Per the *Supplementary Supply Estimates* approved on December 9, 2020 (Bill 50). This disclosure is made pursuant to section 30 of the *Financial Administration Act*. Details outlined below:

- \$2,874 for the Federal Gas Tax Fund
- \$2,500 for the federally funded Investing in Canada Infrastructure Program
- \$576,488 for the Municipal Operating Support Transfers, partially offset by a \$303,244 transfer from the federal government under the Safe Restart Agreement;
- \$208,319 for the Disaster Recovery and COVID-19 pandemic response
- \$604 for the ongoing Environmental Public Health Monitoring Plan project activities related to the 2016 Wood Buffalo Wildfire
- \$500,000 for the Municipal Stimulus program

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

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

(5) 9.5 Disaster Recovery includes COVID-19 Direct Costs Voted Actuals and other Disasters declared in 2020-21.

**Ministry of Municipal Affairs
Payments Based on Agreements**

**For the Year Ended March 31, 2021
(Unaudited)
(in thousands)**

The following has been prepared pursuant to Section 25(3) of the *Financial Administration Act*.

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

Costs based on these agreements are incurred by the ministry under authority of Section 25 of the Financial Administration Act. Accounts receivable includes \$590 (2020 - \$1,119) and accounts payable includes \$zero (2020 - \$34) relating to payments based on agreement.

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

	<u>2021</u>	<u>2020</u>
First Nations Emergency Management Support Program	<u>\$ 521</u>	<u>\$ 962</u>

Ministry of Municipal Affairs Disaster Recovery Program

For the Year Ended March 31, 2021
(Unaudited)
(in thousands)

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

The Department recognizes the DRP expense when the Government of Alberta (GoA) issues a Ministerial Order.

The Department 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 Department 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, 2021:

Disaster	GoC OIC	Total Projected DRP Expense ⁽¹⁾	Payments to Date	Accrued Liabilities	Total Projected DFAA Revenue ⁽¹⁾ ⁽²⁾	Advances/Payments Received ⁽³⁾	Accounts Receivable
2011 Spring Southern Alberta DRP	160	21,010	21,010	-	7,696	6,000	1,696
2012 Capital Region DRP	163	3,068	3,068	-	69	-	69
2013 Southern Alberta Flood DRP	162	1,377,782	1,361,136	16,646	880,764	600,000	280,764
2013 Wood Buffalo DRP	172	20,723	20,382	341	7,282	-	7,282
2014 Southwestern Alberta DRP	181	20,607	17,403	3,204	6,577	-	6,577
2016 Wood Buffalo Wildfire DRP	197	551,026	479,681	71,345	373,682	307,000	66,682
2018 Spring Flood DRP	218	41,080	10,186	30,894	3,970	-	3,970
2019 Northwest Alberta Wildfires DRP	222	96,746	28,782	67,964	18,452	16,164	2,288
2020 Northern Alberta Floods DRP	232	153,359	61,154	92,205	36,435	27,152	9,283
Other DRPs		90,738	25,360	65,378	-	-	-
March 31, 2021		\$ 2,376,139	\$ 2,028,162	\$ 347,977	\$ 1,334,927	\$ 956,316	\$ 378,611
March 31, 2020		\$ 2,411,471	\$ 2,088,898	\$ 322,573	\$ 1,396,646	\$ 1,019,800	\$ 376,846

(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.

**Ministry of Municipal Affairs
Trust and Other Funds Under Administration**

**For the Year Ended March 31, 2021
(Unaudited)
(in thousands)**

The ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. As the ministry has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's consolidated financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2020 and December 31, 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Special Areas Trust Account	\$ 324,691	\$ 313,746
Improvement Districts' Trust Account	25,480	51,822
	<u>\$ 350,171</u>	<u>\$ 365,568</u>

Financial Information of Other Reporting Entities

Summary of Improvement Districts (unaudited)*

For the year ended December 31, 2020

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Detailed Statement of Revenue and Expenditures (unaudited).....	133

**NOTE: The unaudited financial information being presented here was derived from the December 31, 2020 financial statements of each Improvement District.*

**Improvement Districts' Trust Account
Summary Statement of Revenue
and Expenditures (unaudited)**

For the year ended December 31, 2020

	Improvement Districts						Total
	4	9	12	13	24	25	
	(Waterton)	(Banff)	(Jasper)	(Elk Island)	(Wood Buffalo)	(Willmore Wilderness)	Kananaskis
Assets	\$ 1,115,147	\$ 18,168,648	\$ 1,532,128	\$ 1,023,903	\$ 637,640	\$ 548,123	\$ 6,416,536
Liabilities	674,150	6,980,089	944,923	734,039	590,855	548,123	1,832,925
Net assets	\$ 440,997	\$ 11,188,559	\$ 587,205	\$ 289,864	\$ 46,785	\$ -	\$ 4,583,611
Revenues	\$ 899,115	\$ 4,626,006	\$ 380,222	\$ 224,521	\$ 51,977	\$ 115,034	\$ 2,318,160
Expenditures	932,309	3,928,600	305,416	220,575	48,307	115,034	2,250,069
Excess / (Deficiency) of revenue over expenditure	\$ (33,194)	\$ 697,406	\$ 74,806	\$ 3,946	\$ 3,670	\$ -	\$ 68,091
							\$ (27,157,586)
							\$ 25,479,514
							\$ 8,342,493
							\$ 27,270,718
							\$ 35,885,753
							\$ 54,428,304
							\$ 42,482,113
							\$ 17,002,599

**Improvement Districts' Trust Account
Detailed Statement of Revenue and Expenditures (unaudited)**

For the year ended December 31, 2020

	Improvement Districts							Total
	4 (Waterton)	9 (Banff)	12 (Jasper)	13 (Elk Island)	24 (Wood Buffalo)	25 (Willmore Wilderness)	349 (Kananaskis)	
REVENUES								
General Municipal:								
Taxation								
Real property	\$ 806,233	\$ 4,631,390	\$ 77,051	\$ 3,629	\$ 10,174	\$ -	\$ 1,430,646	\$ 10,985,146
Federal grants	210,038	1,179,166	43,162	25,369	18,566	-	11,028	1,542,238
Provincial grants	-	-	-	-	-	-	89,311	-
Power and pipeline	6,248	213,943	141,369	4,043	4,973	-	357,195	13,150,465
Machinery and equipment	-	-	-	-	-	-	-	14,034,985
	1,022,519	6,024,499	261,582	33,041	33,713	-	1,888,180	39,802,145
Less payment of requisitions to:								
Alberta School Foundation Fund	494,479	3,187,461	195,278	22,819	11,096	-	545,026	8,633,390
Seniors Foundation	-	108,053	9,030	-	-	-	23,835	398,953
Designated Industrial Property	-	2,766	2,505	-	-	-	5,742	185,448
	494,479	3,298,280	206,813	22,819	11,096	-	574,603	9,217,791
General municipal taxes	528,040	2,726,219	54,769	10,222	22,617	-	1,313,577	30,584,354
Government transfers	363,299	1,725,526	235,256	211,103	29,098	115,034	356,416	4,110,225
Penalties and costs	3,394	22,442	23	451	69	-	82,530	109,063
Interest	4,307	59,416	5,005	2,745	193	-	23,632	362,459
Utility Services	-	-	-	-	-	-	391,289	391,289
Other	75	92,403	85,169	-	-	-	150,716	328,363
	899,115	4,626,006	380,222	224,521	51,977	115,034	2,318,160	27,270,718
								35,885,753
EXPENDITURES								
General Municipal:								
Administrative services	69,132	259,785	14,543	1,007	588	-	344,949	976,639
Protective services	10,364	1,003,610	30,029	165	7,470	-	1,237,954	2,366,989
Transportation services	-	-	-	-	-	-	97,186	97,186
Assessment fees	11,875	30,000	11,195	8,300	11,150	-	28,210	100,730
Grants	-	-	249,649	211,103	29,099	115,034	-	54,035,338
Recreation and cultural services	826,368	2,380,975	-	-	-	-	-	3,207,343
Utilities	(75)	22,431	-	-	-	-	59,943	82,299
Honorarium	10,250	53,503	-	-	-	-	-	63,753
Garbage collection and disposal	-	-	-	-	-	-	315,386	315,386
Bad debt	-	-	-	-	-	-	-	-
Amortization	-	131,861	-	-	-	-	162,510	294,371
Loss (gain) on disposal of capital assets	-	-	-	-	-	-	(3,500)	(3,500)
Other expenditures	4,395	46,435	-	-	-	-	35,641	87,195
	932,309	3,928,600	305,416	220,575	48,307	115,034	2,250,069	62,228,614
								68,091
								\$ (26,342,861)
Excess / (Deficiency) of revenue over expenditure	\$ (33,194)	\$ 697,406	\$ 74,806	\$ 3,946	\$ 3,670	\$ -	\$ 68,091	\$ (27,157,566)

**Special Areas Trust Account
Financial Statements (audited)**

For the year ended December 31, 2020

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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]

Jordon Christianson
Chair, Special Areas Board

[Original signed by]

Darcy Ferguson
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, 2020, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2020, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The financial statements of the Trust are included in the *Annual Report of the Ministry of Municipal Affairs* that is prepared by the Ministry of Municipal Affairs. The other information comprises the information included in the *Annual Report of the Ministry of Municipal Affairs* relating to the Trust, but does not include the financial statements of the Trust and my auditor's report thereon. The *Annual Report of the Ministry of Municipal Affairs* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

April 20, 2021
Edmonton, Alberta

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SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 49,279,018	\$ 38,614,891
Accounts receivable (Note 4)	2,319,925	2,678,457
Notes receivable (Note 5)	4,036,356	4,390,014
Due from Province of Alberta (Note 6)	2,506,610	1,603,077
Taxes receivable (Note 7)	509,993	1,780,760
	<u>58,651,902</u>	<u>49,067,199</u>
Investments (Schedule 1)	32,136,839	30,964,260
Total Financial Assets	<u>90,788,741</u>	<u>80,031,459</u>
Liabilities		
Accounts payable and accruals	1,982,951	2,697,135
Vacation accruals	1,091,768	1,041,233
Deferred revenues	870,217	425,763
Deferred government grant revenue (Note 8)	2,715,728	431,698
Due to Province of Alberta (Note 6)	398,238	472,556
	<u>7,058,902</u>	<u>5,068,385</u>
Long-term debt (Note 9)	159,608	764,964
Provision for gravel pit reclamation (Note 10)	3,117,000	3,296,000
Total Liabilities	<u>10,335,510</u>	<u>9,129,349</u>
Net Financial Assets (Schedule 3)	80,453,231	70,902,110
Non-financial assets		
Prepaid expenses	220,783	297,081
Tangible capital assets (Schedule 6)	236,918,189	235,829,524
Inventory (Note 11)	7,098,404	6,717,213
Total Non-Financial Assets	<u>244,237,376</u>	<u>242,843,818</u>
Accumulated Surplus (Note 12)	<u>\$ 324,690,607</u>	<u>\$ 313,745,928</u>
Commitments (Note 23)		
Subsequent Event (Note 27)		

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

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SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020		2019
	<u>BUDGET</u> (Note 13)	<u>ACTUAL</u>	<u>ACTUAL</u>
Revenues			
Net taxes for municipal purposes (Note 14)	31,274,000	27,678,268	32,853,594
Lease revenue (Note 15)	8,949,930	8,190,064	8,919,477
Government transfers for operating (Note 16)	5,910,520	4,930,964	4,516,068
Government transfers for capital (Note 16)	1,975,000	1,695,022	479,271
Interest	1,114,448	1,101,304	1,244,605
Tax recovery land sales	20,000	6,179	7,623
(Loss) gain on sale of tangible capital assets	100,000	(231,312)	(206,974)
Contributed asset (Note 17)	-	97,133	-
Other revenue (Note 18)	3,146,635	2,505,250	3,289,362
Total revenues	<u>52,490,533</u>	<u>45,972,872</u>	<u>51,103,026</u>
Expenses			
Transportation services	16,464,223	13,817,811	19,905,747
Administrative services	5,106,018	4,487,618	5,013,009
Water and sanitation services	3,110,154	2,852,851	2,823,978
Agriculture and community development	2,652,142	2,205,457	2,374,998
Recreational and cultural services	2,294,370	1,645,701	2,272,499
Protective services	1,849,464	1,407,399	2,090,709
Industrial tax transfers	870,000	580,000	580,000
Amortization	7,861,787	8,031,356	8,345,224
Total expenses (Note 19)	<u>40,208,158</u>	<u>35,028,193</u>	<u>43,406,164</u>
Excess of revenues over expenses	\$ 12,282,375	\$ 10,944,679	\$ 7,696,862
Accumulated surplus at beginning of year	<u>313,745,928</u>	<u>313,745,928</u>	<u>306,049,066</u>
Accumulated surplus at end of year	\$ <u>326,028,303</u>	\$ <u>324,690,607</u>	\$ <u>313,745,928</u>

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

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SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>		<u>2019</u>
	<u>BUDGET</u> (Note 13)	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of revenue over expenses	\$ 12,282,375	\$ 10,944,679	\$ 7,696,862
Acquisition of tangible capital assets	(10,140,450)	(4,905,071)	(8,296,643)
Construction of roads and road surfaces	(11,047,849)	(6,300,565)	(10,382,074)
Loss (gain) on sale of tangible capital assets	(100,000)	231,312	206,974
Proceeds on disposal of tangible capital assets	1,146,000	1,854,303	885,469
Amortization of tangible capital assets	7,861,787	8,031,356	8,345,224
Change in prepaid assets	-	76,298	402,138
Change in inventory	-	(381,191)	2,294,109
Increase in net financial assets	1,863	9,551,121	1,152,059
Net financial assets, beginning of year	70,902,110	70,902,110	69,750,051
Net financial assets, end of year	\$ <u>70,903,973</u>	\$ <u>80,453,231</u>	\$ <u>70,902,110</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, 2020

	<u>2020</u>	<u>2019</u>
Operating activities:		
Excess of revenues over expenses	\$ 10,944,679	\$ 7,696,862
Amortization of investment premiums, less discounts	215,566	160,873
(Gain) on sale of investments	(93,858)	(9,128)
Amortization of tangible capital assets	8,031,356	8,345,224
Amortization relating to self-constructed assets	(1,669,320)	(1,851,164)
Loss on sale of tangible capital assets	231,312	206,974
(Decrease) increase in provision for gravel pit reclamation	(179,000)	86,000
	<u>17,383,602</u>	<u>14,635,641</u>
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	434,830	1,021,383
Due from Province of Alberta	(903,533)	(1,065,528)
Due from Government of Canada	-	1,432,805
Taxes receivable	1,270,767	(556,630)
Accounts payable and accruals	(663,649)	(365,591)
Deferred revenues	444,454	(49,708)
Deferred government grant revenue	2,284,030	124,997
Due to Province of Alberta	(74,318)	2,186
Inventory	(381,191)	2,294,109
	<u>2,411,390</u>	<u>2,838,023</u>
Cash provided by operating activities	<u>19,794,992</u>	<u>17,473,664</u>
Capital activities:		
Proceeds of sale of tangible capital assets	1,854,303	885,469
Purchase of tangible capital assets	(9,439,183)	(16,827,553)
Cash applied to capital activities	(7,584,880)	(15,942,084)
Investing activities:		
Net change in notes receivable	353,658	2,215,303
Proceeds from redemption of investments	9,555,083	14,793,435
Purchase of investments	(10,849,370)	(15,888,869)
Cash (applied to) provided by investing activities	(940,629)	1,119,869
Financing activities:		
Long term debt repaid	(605,356)	(1,837,219)
Cash applied to financing activities	(605,356)	(1,837,219)
Increase in cash and cash equivalents	<u>10,664,127</u>	<u>814,230</u>
Cash and cash equivalents at the beginning of year	<u>38,614,891</u>	<u>37,800,661</u>
Cash and cash equivalents at the end of year	<u>\$ 49,279,018</u>	<u>\$ 38,614,891</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, 2020

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, 2020

Note 2 (d) Land

(cont'd) Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the Statement of Financial Position. Approximately 0.928 million acres of tax recovery land remains unsold as at December 31, 2020 (2019 - 0.930 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 1.568 million acres (2019 - 1.569 million acres).

Road infrastructure land right of ways, located within the Special Areas and administered by the Board, were transferred to the Province of Alberta from the Government of Canada for no monetary consideration. The Board has also acquired additional right of way for road widening purposes for insignificant amounts. As at December 31, 2020, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2019 - 0.012 million acres) and are not recorded in the Statement of Financial Position.

(e) Use of Estimates

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

(f) Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring. All sites that are under the control and ownership of The Board and are at a higher risk of contamination, are compliant with guidelines set out by the Alberta Safety Codes Authority.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

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, 2020

Note 2 (l) Non-financial Assets

(cont'd) Tangible capital assets are recorded at cost, net of asset disposals, write-downs and amortization.

The cost of tangible capital assets shown on the statement of financial position is amortized to estimated salvage value in a manner that reflects the consumption of their future economic benefits at the following rates (rates and values expressed as a percentage of original cost):

	<u>Annual Amortization</u>			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Engineered structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equip.	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	0.00
- Software	25.00	25.00	25.00	0.00
Road infrastructure	0.25 to 10.00	0.25 to 10.00	0.25 to 10.00	30.00 to 90.00

Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure buildings and engineered structure assets.

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Note 3 Cash and cash equivalents

Cash and Cash Equivalents include deposits of \$47,969,777 (2019 - \$37,427,014) 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, 2020, the Board's portfolio of securities held by the Fund have a time weighted return of 0.92% per annum (2019 - 1.88%) 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, 2020

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$184,895 (2019 - \$137,450), are comprised of the following:

	<u>2020</u>	<u>2019</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 262,271	\$ 259,708
Accrued interest	21,344	28,086
	<u>283,615</u>	<u>287,794</u>
Leases	484,722	278,859
Parks permit receivable	253,858	253,858
Oil well drilling	64,414	205,046
Accrued interest on investments	119,305	85,022
Local improvement recoveries	70,078	68,867
Sheerness deadfish irrigation	7,312	37,046
Miscellaneous	182,513	282,991
	<u>\$ 1,465,817</u>	<u>\$ 1,499,483</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 809,347	\$ 1,093,555
Local improvement recoveries	42,849	84,447
Other	1,912	972
	<u>\$ 854,108</u>	<u>\$ 1,178,974</u>
	<u>\$ 2,319,925</u>	<u>\$ 2,678,457</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, 2020

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2020</u>	<u>2019</u>
Current:		
Acadia Foundation	\$ 169,555	\$ 581,241
Acadia Foundation - accrued interest	470	1,072
	<u>170,025</u>	<u>582,313</u>
Special Areas & Oyen Development Corporation	77,888	96,346
Association of Consort & District Seniors Centre	11,702	15,661
Big Country Waste Management Commission	216,578	212,053
Neutral Hills Child Care Society	-	102,941
Village of Cereal	150,000	-
Other	24,128	15,158
	<u>\$ 650,321</u>	<u>\$ 1,024,472</u>
Non-current:		
Acadia Foundation	\$ -	\$ 169,556
Special Areas & Oyen Development Corporation	2,442,989	2,138,475
Association of Consort & District Seniors Centre	372,637	384,339
Big Country Waste Management Commission	221,199	437,776
Neutral Hills Child Care Society	250,000	147,059
Other	99,210	88,337
	<u>\$ 3,386,035</u>	<u>\$ 3,365,542</u>
	<u>\$ 4,036,356</u>	<u>\$ 4,390,014</u>

The Acadia Foundation loan is a result of the Board entering into a memorandum of understanding with the other municipal members of the Acadia Foundation to borrow on behalf of the Acadia Foundation from the Province of Alberta. These funds were advanced to the Acadia Foundation for the construction and renovation of the seniors lodges in Oyen, Consort and Hanna. Repayment is based on the issuance of unsecured interest bearing promissory notes of either 10 or 25 year terms with respective interest rates ranging from 3.14% to 3.514% (2019 - 3.14% to 3.514%). Semi-annual payments totaling \$598,838 (2019 - \$1,809,226) were made in June and December. Interest revenue recognized as a result of this loan in 2020 was \$16,995 (2019 - \$65,855).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 5 Notes Receivable

(cont'd) The Special Areas & Oyen Development Corp. is a part 9 company that is jointly owned by the Special Areas Board and the Town of Oyen. The amount owed is a result of advancing funds to re-purpose and upgrade the industrial railyard in Oyen. Repayment is based on the issuance of (2) unsecured interest bearing notes of a 25 year term at 2.5430% and 2.2261% interest.

The Big Country Waste Management Commission note is a result of the Board entering into a memorandum of understanding to advance funds to complete a new landfill cell construction at Youngstown. Repayment is based on the issuance of an unsecured interest bearing note of a 5 year term at 2.1347% interest.

The Neutral Hills Child Care Society note is a result of the Board entering into a memorandum of understanding to advance funds to complete a new daycare building in Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 15 year term at 3.00% interest.

The amount owed by the Association of Consort & District Seniors Centre is a result of the Board entering into a memorandum of understanding to advance funds to complete a new community centre at Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 25 year term at 2.6220% interest.

The amount owed by the Village of Cereal is a result of the Board entering into a memorandum of understanding to advance funds to facilitate the dissolution of the Village. Repayment is based on the issuance of an unsecured interest bearing note due in 2021 at 0.8256% interest.

Principal repayments are estimated as follows:

2021	650,321
2022	354,613
2023	136,661
2024	139,993
2025	121,422
Thereafter	<u>2,633,346</u>
	<u>\$ 4,036,356</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 6 Due from (to) Province of Alberta

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

	<u>2020</u>	<u>2019</u>
Due from Province of Alberta:		
Service Alberta	\$ 1,409,656	\$ 885,469
Municipal Affairs	1,010,208	639,682
Transportation	50,209	69,301
Environment and Parks	36,537	8,625
	<u>2,506,610</u>	<u>1,603,077</u>
Due to Province of Alberta:		
Environment and Parks	(341,695)	(338,938)
Municipal Affairs	-	(73,001)
Other	(56,543)	(60,617)
	<u>(398,238)</u>	<u>(472,556)</u>
Due from Province of Alberta, net	<u>\$ 2,108,372</u>	<u>\$ 1,130,521</u>

Note 7 Taxes Receivable

	<u>2020</u>	<u>2019</u>
Current taxes	\$ 3,369,772	\$ 3,078,996
Less bad debt write-offs:	<u>(3,053,823)</u>	<u>(1,466,683)</u>
	315,949	1,612,313
Under levy	137,316	114,536
Tax arrears	56,728	53,911
	<u>509,993</u>	<u>1,780,760</u>
Less allowance for doubtful accounts:	-	-
	<u>\$ 509,993</u>	<u>\$ 1,780,760</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 8 Deferred Government Grant Revenue

	<u>2020</u>	<u>2019</u>
Transportation	\$ 2,050,000	\$ -
Municipal Affairs	496,621	431,698
Agriculture and Forestry	<u>169,107</u>	<u>-</u>
	<u>\$ 2,715,728</u>	<u>\$ 431,698</u>

Note 9 Long-Term Debt

	<u>2020</u>	<u>2019</u>
Province of Alberta loan, repayable in semi-annual installments of \$298,660, including fixed interest at 3.51%, repaid during the year	-	293,503
Province of Alberta loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021	<u>159,608</u>	<u>471,461</u>
	159,608	764,964
Less: current portion	<u>159,608</u>	<u>605,356</u>
	<u>\$ -</u>	<u>\$ 159,608</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 9 Long-Term Debt

(cont'd) Principal repayments on long-term debt next year is estimated as follows:

2021	159,608
	\$ 159,608

Interest on long-term debt for 2020 amounted to \$16,650 (2019 - \$68,882).

The total cash payments for interest in 2020 were \$17,532 (2019 - \$71,591).

Note 10 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 2020 it was estimated that 846,988 cubic meters (2019 - 898,127 cubic meters) of gravel pits were exposed for a total liability of \$3,117,000 (2019 - \$3,296,000).

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, 2020

Note 11 Inventory

	<u>2020</u>			<u>2019</u>
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 1,536,023	\$ 138,544	\$ 1,397,479	\$ 1,466,248
Gravel	5,037,443	-	5,037,443	4,570,849
Culverts	211,793	-	211,793	249,365
Fuel	238,000	-	238,000	252,856
Fencing	76,891	-	76,891	62,124
Chemicals and other	136,798	-	136,798	115,771
Inventory	<u>\$ 7,236,948</u>	<u>\$ 138,544</u>	<u>\$ 7,098,404</u>	<u>\$ 6,717,213</u>

Note 12 Accumulated Surplus

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

	<u>2020</u>	<u>2019</u>
Equity in tangible capital assets	\$236,918,189	\$ 235,829,524
Equity in inventory	7,098,404	6,717,213
Unrestricted operational surplus	25,664,371	16,194,279
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>55,009,643</u>	<u>55,004,912</u>
Total Accumulated Surplus (Schedule 4)	<u>\$324,690,607</u>	<u>\$313,745,928</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, 2020

Note 13 Budget

The 2020 municipal budget was adopted by the Board in December 2019 and approved by the Minister of Municipal Affairs in February 2020. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	2020		2019
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 12,282,375	\$ 10,944,679	\$ 7,696,862
Acquisition of tangible capital assets	(10,140,450)	(4,905,071)	(8,296,643)
Construction of road and road surfaces	(11,047,849)	(6,300,565)	(10,382,074)
Loss (gain) on sale of tangible capital assets	(100,000)	231,312	206,974
Proceeds on disposal of tangible capital assets	1,146,000	1,854,303	885,469
Amortization of tangible capital assets	7,861,787	8,031,356	8,345,224
	1,863	9,856,014	(1,544,188)
Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4)	-	(4,731)	(6,723)
Surplus (deficit), as per budget	\$ 1,863	\$ 9,851,283	\$ (1,550,911)

Note 14 Taxation

	2020		2019
	Budgeted	Actual	Actual
Power and pipeline	\$ 35,292,629	\$ 33,028,079	\$ 36,458,274
Real property	10,815,975	11,091,408	11,824,492
Grazing and cultivation	703,979	703,760	724,499
Penalties and costs on taxes	200,000	94,515	210,232
	47,012,583	44,917,762	49,217,497
Less amounts expended by transfers:			
Alberta School Foundation Fund	11,784,558	12,060,051	11,702,639
Seniors Foundation	1,684,025	1,881,166	2,921,949
Bad Debt	2,000,000	3,053,823	1,466,683
Designated Industrial Properties	270,000	244,454	272,632
	\$ 15,738,583	\$ 17,239,494	\$ 16,363,903
Net taxes for municipal purposes	\$ 31,274,000	\$ 27,678,268	\$ 32,853,594

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 15 Lease Revenue

	<u>2020</u>		<u>2019</u>
	Budgeted	Actual	Actual
Mineral surface leases	\$ 3,200,000	\$ 2,376,512	\$ 3,210,954
Equipment rentals	1,724,000	2,056,354	1,947,919
Grazing leases	2,111,000	1,973,050	2,063,528
Community pastures	828,650	832,180	737,871
Cultivation leases	437,000	420,510	419,930
Miscellaneous leases	125,000	124,414	125,222
Easements	211,000	114,305	110,981
Rights of entry	100,000	93,094	93,045
Other	213,280	199,645	210,027
	<u>\$ 8,949,930</u>	<u>\$ 8,190,064</u>	<u>\$ 8,919,477</u>

Note 16 Government Transfers

	<u>2020</u>		<u>2019</u>
	Budgeted	Actual	Actual
Transfers for operating:			
Municipal Affairs	\$ 1,598,874	\$ 2,436,242	\$ 1,694,178
Transportation	1,551,720	1,551,720	1,551,720
Agriculture and Forestry	499,495	347,814	499,495
Government of Canada	1,270,000	264,332	472,794
Human Services	176,931	176,932	180,420
Infrastructure	720,500	118,892	113,686
Environment	43,000	25,932	-
Culture and Tourism	50,000	9,100	3,775
	<u>\$ 5,910,520</u>	<u>\$ 4,930,964</u>	<u>\$ 4,516,068</u>
Transfers for capital:			
Municipal Affairs	<u>\$ 1,975,000</u>	<u>\$ 1,695,022</u>	<u>\$ 479,271</u>

Note 17 Contributed Asset

The Board received an estimated 33,289 cubic metres of asphalt millings from Alberta Transportation in 2020. These millings were valued at \$97,133 or \$2.92/m³.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 18 Other Revenue

	2020		2019
	Budgeted	Actual	Actual
Oil well drilling tax revenue	\$ 1,030,000	\$ 717,146	\$ 1,425,467
Park permits and concession revenues	616,000	641,737	570,531
Water sales	310,000	288,835	275,236
Licence, assignment and application fees	316,000	162,067	229,292
Cost recoveries	240,135	109,286	64,687
Cultivation conversion	32,000	98,218	134,227
Fire cost recoveries	100,000	97,790	106,646
Bylaw enforcement cost recoveries	35,000	68,546	53,760
Gravel sales	160,000	37,429	57,158
Other	307,500	284,196	372,358
	<u>\$ 3,146,635</u>	<u>\$ 2,505,250</u>	<u>\$ 3,289,362</u>

Note 19 Total Expenses

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

	2020		2019
	Budgeted	Actual	Actual
Manpower (Schedule 2)	\$ 18,686,691	\$ 15,630,254	\$ 17,764,307
Materials, goods, and utilities	13,535,834	9,179,838	13,980,951
Amortization of tangible capital assets	7,861,787	8,031,356	8,345,224
Contract and general services	7,434,603	6,186,595	10,785,267
Grants	2,304,560	1,335,974	1,704,447
Industrial tax transfers	870,000	580,000	580,000
Interest on long-term debt	17,532	16,650	68,882
Goods and services from Alberta Government departments			
Alberta Treasury Board & Finance	315,000	308,458	311,406
Alberta Environment	10,000	-	38,335
Alberta Municipal Affairs	20,000	12,545	12,995
Provision for doubtful accounts	200,000	47,088	196,424
Less:			
Internal road projects capitalized in the year	(11,047,849)	(6,300,565)	(10,382,074)
	<u>\$ 40,208,158</u>	<u>\$ 35,028,193</u>	<u>\$ 43,406,164</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 19 Total Expenses

(cont'd) Included in manpower, materials, goods and utilities and contract and general services, are \$1,649,597 of expenses (2019 - \$3,544,144), 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 20 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>2020</u>	<u>2019</u>
Total debt limit	\$ 66,763,743	\$ 76,246,094
Total debt	<u>159,608</u>	<u>764,964</u>
Amount of debt limit unused	<u>\$ 66,604,135</u>	<u>\$ 75,481,130</u>
Debt servicing limit	\$ 11,127,291	\$ 12,707,682
Debt servicing	<u>162,114</u>	<u>622,887</u>
Amount of debt servicing limit unused	<u>\$ 10,965,177</u>	<u>\$ 12,084,795</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 21 Related Party Transactions

Expenditures for goods and services are conducted in the normal course of operations with the Province of Alberta and are charged to the Board as disclosed in Note 19.

Grants provided by the Province of Alberta are disclosed in Note 16 and the amounts outstanding at the end of the year are disclosed in Note 6.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 22 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2020 to the PSPP were \$858,470 (2019 - \$844,212) and to the MEPP were \$139,900 (2019 - \$170,263).

At December 31, 2019, the PSPP reported a surplus of \$2,759,320,000 (2018 surplus - \$519,218,000) and the MEPP reported a surplus of \$1,008,135,000 (2018 surplus - \$670,700,000).

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

Note 23 Commitments

The Board has entered into three long-term operating leases for equipment. The estimated future payments are as follows:

	Equipment Leases	Capital Purchases	Transfer
2021	\$ 67,577	\$ -	\$ -

Note 24 Future Accounting Changes

PS 3280 Asset Retirement Obligations (effective April 1, 2022)

This standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

PS 3400 Revenue (effective April 1, 2023)

This standard provides guidance on how to account for and report on revenue, and specifically, addresses revenue arising from exchange transactions and unilateral transactions.

PS 3450 Financial Instruments (effective April 1, 2022)

Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of the financial instruments; standards on how to account for and report transactions that are denominated in foreign currency; general reporting principles and standards for the disclosure of information in the financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 25 Impact of COVID-19 Pandemic

The COVID-19 pandemic is complex and rapidly evolving. It has caused material disruption to businesses and has resulted in an economic slowdown. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential future impact on the Board's financial position and operations.

Note 26 Comparative Figures

Certain 2019 figures have been reclassified to conform to 2020 presentation.

Note 27 Subsequent Event

On January 1, 2021, the Village of Cereal was dissolved and amalgamated with Special Areas No. 3 as a hamlet. The Board has received approval for grants related to the transition of the Village. The financial impact of the amalgamation has yet to be fully determined.

Note 28 Approval of Financial Statements

These financial statements have been approved by the Board.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2020

Schedule 1

	2020				2019			
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value	Book Value
Bonds:								
Bank of Montreal	2.890%	2.890%	June 20, 2023	\$ 800,000	\$ 846,047	\$ 800,017	\$ 800,016	\$ 800,016
Canada Housing Trust	1.250%	1.153%	December 15, 2020	-	-	-	509,035	509,035
Canada Housing Trust	3.350%	2.090%	December 15, 2020	-	-	-	924,900	924,900
Canada Housing Trust	1.250%	1.025%	June 15, 2021	-	-	-	3,548,018	3,548,018
Canada Housing Trust	3.800%	1.371%	June 15, 2021	1,000,000	1,016,221	1,010,325	3,649,690	3,649,690
Canada Housing Trust	1.500%	1.522%	December 15, 2021	-	-	-	1,197,095	1,197,095
Canada Housing Trust	2.650%	1.386%	March 15, 2022	2,245,000	2,310,704	2,295,625	817,417	817,417
Canada Housing Trust	1.750%	2.314%	June 15, 2022	1,563,000	1,597,645	1,559,808	1,557,659	1,557,659
Canada Housing Trust	2.400%	2.373%	December 15, 2022	2,782,000	2,898,035	2,787,478	2,790,196	2,790,196
Canada Housing Trust	2.350%	0.510%	June 15, 2023	1,120,000	1,175,376	1,170,188	-	-
Canada Housing Trust	2.350%	2.731%	September 15, 2023	1,210,000	1,274,994	1,216,286	1,218,585	1,218,585
Canada Housing Trust	3.150%	2.561%	September 15, 2023	1,010,000	1,085,774	1,025,939	1,031,621	1,031,621
Canada Housing Trust	2.550%	2.406%	December 15, 2023	1,505,000	1,600,564	1,515,122	1,518,392	1,518,392
Canada Housing Trust	2.900%	1.495%	June 15, 2024	3,283,000	3,558,831	3,436,657	3,480,996	3,480,996
Canada Housing Trust	1.800%	1.400%	December 15, 2024	1,350,000	1,418,604	1,370,662	-	-
Canada Housing Trust	2.550%	0.903%	March 15, 2025	2,530,000	2,741,342	2,714,382	-	-
Canada Housing Trust	0.950%	0.700%	June 15, 2025	1,509,000	1,535,390	1,527,952	-	-
Canadian Imperial Bank of Commerce	2.900%	2.901%	September 14, 2021	500,000	509,048	499,968	500,013	500,013
Government of Canada	3.500%	1.027%	June 1, 2020	-	-	-	486,938	486,938
Government of Canada	3.140%	0.737%	June 1, 2021	-	-	-	207,058	207,058
Government of Canada	1.250%	0.396%	March 1, 2025	500,000	518,947	517,585	-	-
Province of Manitoba	2.550%	2.567%	June 2, 2023	2,000,000	2,104,325	1,999,269	1,998,985	1,998,985
Province of Ontario	3.150%	2.573%	June 2, 2022	730,000	759,891	736,310	740,599	740,599
Province of Ontario	2.850%	2.230%	June 2, 2023	515,000	545,622	522,466	525,426	525,426
Province of Ontario	1.750%	0.765%	September 8, 2025	1,425,000	1,493,532	1,489,432	-	-
Province of Quebec	3.090%	1.763%	September 1, 2023	1,890,000	2,021,169	1,950,525	1,972,570	1,972,570
Province of Quebec	3.000%	0.733%	September 1, 2025	455,000	498,677	496,983	-	-
Royal Bank of Canada	2.880%	2.880%	December 23, 2029	600,000	640,423	600,217	600,271	600,271
TD Bank	1.994%	2.586%	March 23, 2022	900,000	917,858	893,640	888,627	888,627
				31,422,000	33,069,019	32,136,836	30,964,107	30,964,107
Special Areas & Oyen Development Corp			(1 share)	1	1	1	1	1
Hanna and District Medical Corporation			(2 shares)	2	2	2	2	2
Alberta Capital Finance Authority				-	-	-	150	150
				\$ 31,422,003	\$ 33,069,022	\$ 32,136,839	\$ 30,964,260	\$ 30,964,260

Notes:

- It is management's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments. The Board does not hold equities in an active market nor engage in derivative contracts or foreign currency transactions.

Schedule 2

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020				2019		
	Number of Individuals (a)	Salary (b)	Other Cash Benefits (c)	Other Non-cash Benefits (d)	Total	Number of Individuals	Total
Chair of the Special Areas Board	1	\$ 143,985	\$ -	\$ 26,947	\$ 170,932	1	\$ 176,501
Special Areas Board members	3	23,402	-	1,114	24,516	3	22,105
Director of Finance and Administration	1	133,318	-	26,155	159,473	1	164,575
Director of Municipal Services	1	131,867	-	25,912	157,779	1	159,969
Director of Properties Administration	1	115,725	-	25,528	141,253	1	148,530
Roads & Equipment Superintendent	1	107,153	-	22,724	129,877	0.75	116,082
Managers (e)	3.99	420,256	-	89,260	509,516	3.67	478,689
Other full time staff (f)	103.89	7,940,077	-	1,704,550	9,644,627	101.83	9,489,645
Part time and casual wage staff		4,177,795	-	427,059	4,604,854		7,025,970
Other Boards and committees		12,430	-	569	12,999		19,313
Advisory Councilors	13	19,737	-	6,612	26,349	13	48,689
(Decrease) in overtime accrual		(2,456)	-	-	(2,456)		(1,452)
Increase (decrease) in vacation accrual		50,535	-	-	50,535		(84,309)
		<u>\$ 13,273,824</u>	<u>\$ -</u>	<u>\$ 2,356,430</u>	<u>\$ 15,630,254</u>		<u>\$ 17,764,307</u>

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councilors.

(b) Salary includes pensionable base pay and honoraria.

(c) Other cash benefits includes lump sum payments and vacation payouts. There were no bonuses paid in 2020.

(d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, professional membership fees, group life insurance, accidental death and dismemberment insurance, tuition and long and short-term disability plan.

(e) Average salary is \$105,064 and average benefits (column c & d) are \$22,315 totaling \$127,379 (2019 - \$130,551).

(f) Average salary is \$76,428 and average benefits are \$16,407 totaling \$92,835 (2019 - \$93,190).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2020

	<u>2020</u>	<u>Schedule 3</u>
	<u>2019</u>	
Change in Financial Assets		
Cash and cash equivalents	\$ 10,664,127	\$ 814,230
Accounts receivable	(358,532)	(619,245)
Notes receivable	(353,658)	(2,215,303)
Due from Province of Alberta	903,533	1,065,528
Due from Government of Canada	-	(1,432,805)
Taxes receivable	(1,270,767)	556,630
	<u>9,584,703</u>	<u>(1,830,965)</u>
Investments	<u>1,172,579</u>	<u>943,690</u>
Increase (decrease) in Financial Assets	<u>10,757,282</u>	<u>(887,275)</u>
Change in Liabilities		
Accounts payable and accruals	714,184	281,282
Vacation accrual	(50,535)	84,309
Deferred revenues	(444,454)	49,708
Deferred government grant revenue	(2,284,030)	(124,997)
Due to Province of Alberta	74,318	(2,186)
	<u>(1,990,517)</u>	<u>288,116</u>
Long-term debt	605,356	1,837,218
Provision for gravel pit reclamation	<u>179,000</u>	<u>(86,000)</u>
(Decrease) increase in Liabilities	<u>(1,206,161)</u>	<u>2,039,334</u>
Net increase in net financial assets	9,551,121	1,152,059
Net financial assets at the beginning of year	<u>70,902,110</u>	<u>69,750,051</u>
Net financial assets at end of year	<u>\$ 80,453,231</u>	<u>\$ 70,902,110</u>

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020		Schedule 4
	BUDGET	ACTUAL	2019
	(Note 13)		ACTUAL
Equity in tangible capital assets at beginning of year	\$	<u>235,829,524</u>	\$ <u>226,588,474</u>
Addition of capital assets:			
Road infrastructure	11,047,849	6,300,565	10,382,074
Transportation services	5,772,750	4,139,592	5,819,445
Agriculture and community pasture services	342,200	139,915	561,150
Administrative services	181,500	90,807	540,005
Water and sanitation services	2,802,500	29,043	194,614
Recreation and cultural services	160,500	147,381	297,905
Protective services	881,000	358,333	883,524
	<u>21,188,299</u>	<u>11,205,636</u>	<u>18,678,717</u>
Annual amortization of capital assets		(8,031,356)	(8,345,224)
Disposal of capital assets		(2,085,615)	(1,092,443)
Equity in tangible capital assets at end of year (Note 12)	\$	<u>236,918,189</u>	\$ <u>235,829,524</u>
Equity in inventory at beginning of year	\$	6,717,213	\$ 9,011,322
Add purchases and other inventory costs		4,203,964	3,082,745
Deduct requisitions		(3,822,773)	(5,376,854)
Equity in inventory at end of year (Note 11, 12)	\$	<u>7,098,404</u>	\$ <u>6,717,213</u>
Accumulated operational surplus at beginning of year	\$	16,194,279	\$ 15,451,081
Excess of revenues over expenses		10,944,679	7,696,862
Equity change in inventory		(381,191)	2,294,109
Equity change in capital assets		(1,088,665)	(9,241,050)
		<u>25,669,102</u>	<u>16,201,002</u>
Transfers to internally restricted reserves (Note 13)		(4,731)	(6,723)
Accumulated operational surplus at end of year (Note 12)	\$	<u>25,664,371</u>	\$ <u>16,194,279</u>
Internally restricted accumulated surplus at beginning of year	\$	55,004,912	\$ 54,998,189
Tax Recovery Land Sales - Transfers from operations		4,731	6,723
Internally restricted accumulated surplus at end of year (Note 12)	\$	<u>55,009,643</u>	\$ <u>55,004,912</u>
	\$	<u>324,690,607</u>	\$ <u>313,745,928</u>

Schedule 5

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT REVENUE AND EXPENSE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020						Total
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	
Revenue:							
Taxation	\$ 27,678,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,678,268
Leases	5,301,530	-	2,053,068	-	835,466	-	8,190,064
Provincial Grants	428,668	401,900	4,467,013	633,878	404,263	25,932	6,361,654
Interest	1,101,304	-	-	-	-	-	1,101,304
Federal Grants	25,000	-	239,332	-	-	-	264,332
Tax Recovery Land Sales	6,179	-	-	-	-	-	6,179
Loss on sale of tangible capital assets	-	-	(231,312)	-	-	-	(231,312)
Contributed Assets	-	-	97,133	-	-	-	97,133
Other	1,171,807	181,921	54,697	348,417	106,671	641,737	2,505,250
Revenues per statement of operations	\$ 35,712,756	\$ 583,821	\$ 6,679,931	\$ 982,295	\$ 1,346,400	\$ 667,669	\$ 45,972,872
Expenses:							
Manpower (Schedule 2)	\$ 2,901,940	\$ 407,347	\$ 9,982,736	\$ 800,647	\$ 1,117,864	\$ 419,720	\$ 15,630,254
Materials, goods, and utilities	171,579	69,417	8,204,704	121,482	363,156	249,500	9,179,838
Contract and general services	1,037,553	930,571	1,928,886	1,704,584	423,748	161,253	6,186,595
Grants	2,415	-	2,000	226,138	290,193	815,228	1,335,974
Interest on long-term debt	16,650	-	-	-	-	-	16,650
Goods and services from GOA	310,393	64	50	-	10,496	-	321,003
Provision for doubtful accounts	47,088	-	(6,300,565)	-	-	-	47,088
Internal road projects capitalized in the year	-	-	-	-	-	-	(6,300,565)
Industrial tax transfers	580,000	-	-	-	-	-	580,000
Amortization of tangible capital assets	365,813	522,179	6,537,879	353,947	136,290	115,248	8,031,356
Expenses per statement of operations	\$ 5,433,431	\$ 1,929,578	\$ 20,355,690	\$ 3,206,798	\$ 2,341,747	\$ 1,760,949	\$ 35,028,193

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, 2020**

Cost	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment			Road infrastructure	EDP equipment	2019
				Land	equipment	and equipment			
Balance, beginning of the year	\$44,366,368	\$33,515,880	\$23,863,302	\$6,735,294	\$1,313,520	\$228,690,203	\$4,868,965	\$343,353,532	\$326,965,399
Add:									
Additions during the year	4,016,443	308,882	394,638	93,616	5,000	6,300,565	86,492	11,205,636	18,678,717
Less:									
Disposals during the year	(4,328,782)	(58,805)	(615,588)	(176,011)	-	-	(31,990)	(5,211,176)	(2,290,584)
Transfers to operations	-	-	-	-	-	-	-	-	-
Balance, end of the year	\$44,054,029	\$33,765,957	\$23,642,352	\$6,652,899	\$1,318,520	\$234,990,768	\$4,923,467	\$349,347,992	\$343,353,532
Accumulated Amortization									
Balance, beginning of the year	\$14,917,160	\$10,673,163	\$17,479,489	\$3,915,282	\$187,788	\$55,742,149	\$4,608,977	\$107,524,008	\$100,376,925
Add:									
Amortization	2,110,858	822,504	1,229,116	330,295	-	3,361,655	170,183	8,024,611	8,340,281
Depletion	-	-	-	-	6,745	-	-	6,745	4,943
Less:									
Accumulated Amortization on Disposals	(2,384,797)	(49,985)	(541,359)	(117,430)	-	-	(31,990)	(3,125,561)	(1,198,141)
Balance, end of the year	\$14,643,221	\$11,445,682	\$18,167,246	\$4,128,147	\$194,533	\$59,103,804	\$4,747,170	\$112,429,803	\$107,524,008
Net book value, 2020	\$29,410,808	\$22,320,275	\$5,475,106	\$2,524,752	\$1,123,987	\$175,886,964	\$176,297	\$236,918,189	
Net book value, 2019	\$29,449,208	\$22,842,717	\$6,383,813	\$2,820,012	\$1,125,732	\$172,948,054	\$259,988	\$235,829,524	

Note:

- Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure, buildings and engineered structures assets. The ending balance includes \$977,857 in assets that were not in service at year-end (2019 - \$96,025); no related amortization was recorded.

**Safety Codes Council
Financial Statements**

Year ended December 31, 2020

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KPMG LLP
2200, 10175-101 Street
Edmonton AB T5J 0H3
Canada
Tel 780-429-7300
Fax 780-429-7379

INDEPENDENT AUDITORS' REPORT

To the Members of Safety Codes Council

Opinion

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

- the statement of financial position as at December 31, 2020
- 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, 2020, 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 KPMG LLP]

Chartered Professional Accountants

Edmonton, Canada

April 9, 2021

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 991,493	\$ 1,786,960
Accounts receivable	978,031	568,918
Prepaid expenses and deposits	270,870	295,580
	<u>2,240,394</u>	<u>2,651,458</u>
Investments (note 2)	11,935,534	11,510,077
Capital assets (note 3)	2,822,031	2,612,344
	<u>\$ 16,997,959</u>	<u>\$ 16,773,879</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 617,296	\$ 769,393
Deferred revenue (note 4)	1,937,488	1,857,155
Current portion of deferred lease inducements (note 5)	206,723	165,951
	<u>2,761,507</u>	<u>2,792,499</u>
Deferred lease inducements (note 5)	1,309,245	1,217,971
Net assets:		
Sustainment and growth fund	6,543,097	7,050,233
Internally restricted (note 6)	3,987,935	3,900,000
Invested in capital assets	1,677,638	1,651,662
	<u>12,208,670</u>	<u>12,601,895</u>
Accumulated remeasurement gains	718,537	161,514
	<u>12,927,207</u>	<u>12,763,409</u>
Commitments (note 7)		
	<u>\$ 16,997,959</u>	<u>\$ 16,773,879</u>

See accompanying notes to financial statements.

[Original signed by]

Kevin Griffiths, Director

Owen Edmondson, Director

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Levy fees	\$ 5,057,289	\$ 5,798,180
Permit and registration fees (note 4)	4,841,448	5,673,407
Accreditation fees (note 4)	1,145,157	1,186,247
Master Electricians Program certification fees	606,480	641,270
Safety Codes Officer program fee (note 4)	595,533	752,841
Investment income	582,284	508,201
Other revenue (note 4)	79,908	225,282
	<u>12,908,099</u>	<u>14,785,428</u>
Expenses:		
Salaries and benefits	6,843,490	6,359,664
Permit service fees	3,589,947	4,375,505
General and administrative (note 8)	1,556,053	1,926,660
Contract salaries and remuneration	504,626	915,352
Amortization and loss on disposal of capital assets	497,407	493,658
Course and seminar costs	226,100	305,998
Travel (note 8)	68,474	425,083
Investment management fees	62,751	58,018
Advertising and publications	50,722	151,453
	<u>13,399,570</u>	<u>15,011,391</u>
Deficiency of revenues over expenses before the undernoted	(491,471)	(225,963)
Contributed capital assets (note 8)	98,246	-
Deficiency of revenues over expenses	\$ (393,225)	\$ (225,963)

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Sustainment and growth fund	Internally restricted (note 6)	Invested in capital assets	2020 Total	2019 Total
Balance, beginning of year	\$ 7,050,233	\$ 3,900,000	\$ 1,651,662	\$12,601,895	\$12,827,858
Excess (deficiency) of revenues over expenses	5,936	-	(399,161)	(393,225)	(225,963)
Purchase of capital assets, net	(425,137)	-	425,137	-	-
Transfers	(87,935)	87,935	-	-	-
Balance, end of year	\$ 6,543,097	\$ 3,987,935	\$ 1,677,638	\$12,208,670	\$12,601,895

Statement of Remeasurement Gains and Losses

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Accumulated remeasurement gains (losses), beginning of year	\$ 161,514	\$ (652,167)
Unrealized change in fair value of investments	557,023	813,681
Accumulated remeasurement gains, end of year	\$ 718,537	\$ 161,514

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flow

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (393,225)	\$ (225,963)
Items not involving cash:		
Contributed capital assets	(98,246)	-
Amortization and loss on disposal of capital assets	497,407	493,658
Changes in non-cash operating working capital:		
Accounts receivable	(409,113)	(110,056)
Prepaid expenses and deposits	24,710	159,077
Accounts payable and accrued liabilities	(152,097)	24,896
Deferred revenue	80,333	(480,264)
Deferred lease inducements	(51,665)	(50,789)
	(501,896)	(189,441)
Investing activities:		
Purchase of investments, including reinvested investment income	(519,534)	(1,050,182)
Withdrawals from investments	651,100	-
	131,566	(1,050,182)
Capital and financing activities:		
Purchase of capital assets	(729,614)	(313,430)
Proceeds from disposal of capital assets	2,087	3,800
Lease inducements received for the purchase of capital assets	302,390	-
	(425,137)	(309,630)
Decrease in cash and cash equivalents	(795,467)	(1,549,253)
Cash and cash equivalents, beginning of year	1,786,960	3,336,213
Cash and cash equivalents, end of year	\$ 991,493	\$ 1,786,960

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2020

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1). The industry-based Council is comprised of a Council Chair, a Board of Directors, and Sub-councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- administer the Master Electricians' program;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

The Council is responsible for overseeing the provision of safety codes compliance monitoring (permitting and inspection services) in unaccredited areas in the Province of Alberta under the Alberta Safety Codes Authority (ASCA).

Effective June 8, 2020, the Council and ASCA, a division of the Council, were transferred authority to complete delegated work related to storage fuel tanks under Part 4 of the National Fire Code - 2019 Alberta Edition. The Council is responsible for closing permits in the legacy software whereby costs will be incurred with no related revenue. These services are administered by the Storage Tank System division of ASCA.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Council follows the deferral method of accounting for contributions which include government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized when earned or when the related services are provided.

(b) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months which are held for the purpose of meeting short-term cash commitments.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the following method and annual rates for additions after January 1, 2018:

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

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Capital assets (continued):

For capital asset additions prior to January 1, 2018, amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

Copyrights are not amortized.

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

(d) Leases:

Leases are classified as capital or operating leases. A lease that transfer substantially the entire benefits and risks incidental to ownership is classified as a capital lease. All other leases are accounted for as operating leases, wherein rental payments and related lease inducements, including "free-rent" periods or significant "step-up" provisions, are amortized on a straight-line basis and recognized as reductions of rent expense over the term of the lease. Lease inducements received for the purchase of capital assets are recognized as reductions in amortization expense on a straight-line basis over the term of the related lease.

Deferred lease inducements represents the unamortized value of tenant inducements and straight-line rent.

(e) Contributed services:

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

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

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gains and losses are reversed and recognized in the statement of operations.

The standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Significant amounts subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(h) Related party transactions:

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

(i) Future accounting changes:

The following summarizes upcoming changes to Canadian public sector accounting standards: PS3280 *Asset Retirement Obligations* (effective April 1, 2022), PS3400 *Revenue* (effective April 1, 2023) and PSG-8 *Purchased Intangibles* (effective April 1, 2023). The Council's management is currently assessing the impact of these new accounting standards on its financial statements.

2. Investments:

2020	Level	Cost	Fair value
Cash and cash equivalents		\$ 8,032	\$ 8,032
Jarislowsky Fraser Money Market Fund	1	118	118
Pooled funds:			
Bond Fund	2	6,594,896	6,846,671
Canadian Equity Fund	2	2,853,432	2,781,434
Global Equity Fund	2	1,603,183	2,101,097
Emerging Market Equity Fund	2	157,336	198,182
		\$ 11,216,997	\$ 11,935,534

2019	Level	Cost	Fair value
Cash and cash equivalents		\$ 300	\$ 300
Pooled funds:			
Bond Fund	2	6,634,285	6,599,638
Canadian Equity Fund	2	2,859,175	2,756,804
Global Equity Fund	2	1,676,971	1,964,365
Emerging Market Equity Fund	2	177,832	188,970
		\$ 11,348,563	\$ 11,510,077

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 703,376	\$ 285,262	\$ 418,114	\$ 344,419
Equipment	78,025	20,746	57,279	40,882
Computer hardware	897,288	654,950	242,338	335,333
Computer software	1,669,267	827,962	841,305	909,181
Leasehold improvements	1,563,258	312,030	1,251,228	960,682
Copyrights	11,767	-	11,767	11,767
Capital assets not in use	-	-	-	10,080
	\$ 4,922,981	\$ 2,100,950	\$ 2,822,031	\$ 2,612,344

Capital assets not in use includes \$nil (2019 - \$10,080) related to the Council's office expansion.

4. Deferred revenue:

	Balance, December 31, 2019	Amounts received (repaid)	Revenue recognized, net	Balance, December 31, 2020
Permit fees	\$ 1,435,449	\$ 5,167,934	\$ (4,841,448)	\$ 1,761,935
Safety Codes Officer program fee	200,929	542,429	(595,533)	147,825
Accreditation fees	33,718	1,125,323	(1,145,157)	13,884
Other revenue	187,059	(93,307)	(79,908)	13,844
	\$ 1,857,155	\$ 6,742,379	\$ (6,662,046)	\$ 1,937,488

In 2016, the Council obtained a one-time conditional grant of \$250,000 from the Province of Alberta to complete a Safety System Outcome Survey. Other revenue includes \$32,261 (2019 - \$77,109) related to this grant and the remaining unspent balance was returned during the year.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Deferred lease inducements:

In 2018, the Council received a total of \$507,888 in "free rent" and \$1,457,372 in tenant lease inducements to support the purchase of certain leasehold improvements. During the year, the Council received an additional \$302,390 in tenant lease inducements to support the purchase of certain leasehold improvements for the additional office space occupied. The Council recognized \$51,665 (2019 - \$50,789) of amortization of deferred straight-line rent as a reduction in rent expense and \$118,679 (2019 - \$115,282) of amortization of deferred tenant inducements as a reduction in amortization expense.

	2020	2019
Straight-line rent	\$ 371,575	\$ 423,240
Tenant inducements	1,144,393	960,682
	1,515,968	1,383,922
Current portion of deferred lease inducements	206,723	165,951
	\$ 1,309,245	\$ 1,217,971

6. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of \$3,000,000 to manage sustainability risk over the medium term. Access to the internally restricted net assets is granted by resolution of the Board of Directors.

In addition, the Council maintains internally restricted net assets related to ASCA as a contingency to manage risk. In the prior year, the Board of Directors approved a transfer of \$900,000 to this internally restricted account. The transfer in the current year relates to the realized investment income earned on the underlying investment portfolio.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

7. Commitments:

	Office lease
2021	\$ 352,624
2022	367,317
2023	374,663
2024	374,663
2025	389,356
Thereafter	947,677
	\$ 2,806,300

8. Related party transactions:

The Province of Alberta provides certain services to the Council, including monitoring services of accredited entities as part of the Municipal Support Program, at no cost. These unallocated costs are not recognized in the financial statements.

As part of the transfer of authority to complete delegated work related to storage fuel tanks under Part 4 of the National Fire Code - 2019 Alberta Edition, certain legacy permitting software with an agreed upon value of \$98,246 was contributed to the Council during the year.

Related parties include key management personnel and members of the Board of Directors of the Council. Transactions with key management personnel primarily consist of compensation related payments and are undertaken on similar terms and conditions to those that would be adopted if the parties were dealing at arm's length. Members of the Board of Directors are remunerated by the schedules as set out by Order in Council 466/2007. Remuneration is comprised of \$37,854 (2019 - \$63,804) and is included in general and administrative expense on the statement of operations. Other costs consist of travel related to meeting attendance of \$2,927 (2019 - \$35,688) which is included in travel expense on the statement of operations.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Financial risks and concentration of credit risk:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, liquidity risk, credit risk and interest rate risk. The Council's overall risk management processes are designed to identify, manage and mitigate business risk.

The COVID-19 pandemic and measures taken to contain the virus continue to impact the market as a whole. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Council is not known at this time. The Council's risk management strategy has not changed due to the COVID-19 pandemic.

(a) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Council's investments are in pooled funds and carried at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains and losses as appropriate, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Council through their investment guidelines and policies, as monitored by the management of the Council and its investment manager.

(b) Liquidity risk:

Liquidity risk is both the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities under both normal and stressed conditions. The Council's Investment Policy, which is reviewed and approved by the Board of Directors annually, establishes the nature of acceptable investments for its portfolio. As a result, 100% of the Council's investments are in pooled funds. Although market events could lead to some investments within the pooled fund becoming illiquid, the diversity and quality of the Council's investments is designed to ensure that liquidity is available to pay liabilities as they come due. The Council also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Financial risks and concentration of credit risk (continued):

(c) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Council. In relation to the Council activities, credit risk arises from the issuance of permits by accredited third-parties and subsequent remittance of levies to the Council. This risk is mitigated through the Council's ongoing due diligence of accredited organizations, and the number of accredited organizations issuing permits. In relation to the Council's investment portfolio, credit risk arises from the bond or equity issuer defaulting on its obligations.

The Council manages credit risk by investing diversified pooled funds. Cash is held with reputable financial institutions and accounts receivable are with counterparties that the Council believes to be reputable entities. No individual financial asset is significant to the Council's operations.

(d) Interest rate risk:

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

Annual Report Extracts and Other Statutory Reports

Statement Regarding the *Public Interest Disclosure Act*

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* reads:

- 32(1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.
- (2) The report under subsection (1) must include the following information:
- (a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
 - (b) the number of investigations commenced by the designated officer as a result of disclosures;
 - (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.
- (3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available.

Below is a summary of the activity in the Public Interest Disclosure Office pertaining to the Department of Municipal Affairs from April 1, 2020 to March 31, 2021:

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