



Real Property Governance Act

Overview

The *Real Property Governance Act* (the RPG Act) ensures that property sales across government are handled in a uniform manner and that government is given the option to hold onto property that has strategic value. The legislation would introduce a centralized approach which would create more efficiencies across government and maximize asset value to Albertans.

By streamlining property sales, the RPG Act intends to help support priority projects across government, create revenue, and reduce red tape. These changes would modernize public property sales, improve accountability and transparency to Alberta's taxpayers.

Background

The Alberta government's physical asset portfolio is currently decentralized and is not managed in a consistent way across ministries. This decentralized approach creates inefficiencies, making it challenging to support government's priority investments and get the best value for Albertans taxpayer dollars.

For capital plan projects managed by Infrastructure, land is often acquired for program use. Examples include justice centres, health care centres, and mental health and addictions facilities. Once a facility is constructed, the land is transferred to the appropriate entity and control over the assets is no longer centrally maintained. Assets can then be disposed of through decentralized processes, creating inefficiencies and a missed opportunity to maximize asset value for Albertans.

Currently, the primary agencies, boards and commissions own real property with an approximate total replacement value of \$83 billion.

To address the issue of government lacking a single source to view or report on these consolidated real property assets, in 2019, the Blue-Ribbon Panel on Alberta's Finances Recommendation 16 stated:

"The Government of Alberta should redefine its inventory of land assets to include the broader public sector and create a definitive policy to clearly define surplus assets and a process for disposal of surplus assets. Providing an increased ability to core government and the broader public sector to dispose of surplus assets can act as an offset to the capital cost of new investments or provide revenue for the province."

Key legislative highlights

The RPG Act would create an enterprise approach to governance. With improved inventory awareness, government could streamline decisions, reduce red tape, and maximize the value of the real property portfolio.

- Centralized inventory information management
 - Consolidates real property information of departments and consolidated entities into a centralized inventory system with Alberta Infrastructure.
 - Provides a single, holistic view of the provincially owned real property portfolio, which ensures informed and efficient decision making.
- Offer to Transfer
 - Under the RPG Act, departments and consolidated entities would offer surplus or no longer required real property to Alberta Infrastructure for repurposing and disposal analysis.
 - Infrastructure must refuse the offer to own, sell, transfer or otherwise dispose of the property before it is offered to other parties.
 - This centralized approach is a cost-effective way to repurpose properties and generate revenues for government priorities.

Once the RPG Act is introduced for first reading, all sales, disposals of or other transfer transactions would require ministerial approval. This controls the disposal activities for consolidated real property during the legislative process.

If an agreement for sale or other transfer has been fully executed prior to the introduction of the RPG Act, that agreement may proceed.

Infrastructure will no longer transfer properties acquired for new capital projects. The Department will enter long-term lease arrangements with the programs and organizations that operate the facilities. We recognize the complexity in these arrangements and will be working with the respective departments to adopt a more centralized ownership approach.

Going forward and to better support this approach, Infrastructure will now lease buildings and land instead of transferring or selling them for program use.

As next steps, government will further analyze how property is managed across government. This process includes assessing the benefits of a centralized ownership model.

Out of scope

The RPG Act only applies to departments and consolidated entities which are listed as a government organization in the government's annual financial statement, and does not apply to Office of the Legislative Assembly and Offices of the Legislature, Regulated Funds, Government Business Enterprises or other non-consolidated entities.

Exceptions

The inventory requirements in Section 5 and 6 of the RPG Act would apply to all land owned or leased by departments and consolidated entities. There are no exceptions to the requirements sections, other than owned land must have a Certificate of Title, as that determines legal ownership in Alberta and if required to sell, lease, or otherwise dispose of property.

The exceptions listed in Section 7 (6) are exceptions to the Offer to Transfer process only. Entities or land outside the scope of the Act are not listed as exceptions. The Minister may create regulations to amend or create exceptions to sections of the RPG Act.

The flexible and transparent approach of the RPG Act would balance the complexities of Agencies, Boards and Commissions with the need to establish a wholistic view of government's consolidated portfolio. Applying the governance approach will strengthen oversight of the entire portfolio through a consolidated inventory records systems, a simple transfer process between entities, and a clear and efficient ownership model.