

[Chairman: Mr. Martin]

[10 a.m.]

MR. CHAIRMAN: If I could, I'll call the meeting to order. The first thing we have on the agenda is approval of the minutes of the meeting of May 22. I think they were circulated.

MR. NELSON: I so move.

MR. CHAIRMAN: It's been moved. Is there a seconder? Any errors or omissions? All those in favour of adopting the minutes?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: It's passed. First of all, I would like to welcome Mr. Koziak to Public Accounts. We appreciate your taking time from a busy schedule to come. If you have any initial remarks, please feel free to make them. If you would introduce the people with you, we'll open for any questions.

MR. KOZIAK: Mr. Chairman and members of the committee, I have with me the Deputy Minister of Municipal Affairs, Mr. Archie Grover, and on my left, the executive director of the finance and administration division, Mr. Bob Leitch, and my executive assistant, the fellow who has lost his beard, John Szumlas. Some of you may not recognize him. That's the new man. [interjections] It's kind of tough on this side of the House.

Without taking up much time, Mr. Chairman, I presume there are some areas of the departmental expenditures that are of interest to members of the committee. We are prepared to answer to the best of our ability all the questions that may be posed this morning.

MR. CHAIRMAN: It's traditional that -- Mr. Rogers, I wonder if you have any comments from the Auditor's report? Then we'll open it up.

MR. ROGERS: Mr. Chairman, I think the one item is 2.3.11, Metis Population Betterment Trust Account, on page 25. That is the only reference.

MR. STROMBERG: I didn't expect to be first. My apologies to the deputy; I did not recognize

Mr. Grover. To the minister or to Mr. Grover: in the past when the audit of our towns and villages was done, the municipal inspector has been critical of villages that have been able to come up with their books balanced. In other words, they have no surplus, but they have paid all their bills. A strong recommendation of the municipal inspection branch is that these villages should have a 25 percent reserve. The argument of the villages is that if they went to that reserve, they would discourage people from moving into that village to retire and would have to raise their mill rate, et cetera. It is a little discouraging to some of the councils that volunteer a tremendous amount of time to the operation of the village. Is it standard policy that the department would like to see a 25 percent reserve or a major reserve at the expense of raising the mill rate?

MR. GROVER: Yes, Mr. Stromberg. The reason the department has been recommending that to all municipalities is that in order for them to carry on their operation until such time as they begin to collect taxes in the current year, they need about 25 percent of the previous year's operation to maintain operation without having to go into short-term borrowings. We have been trying to discourage municipalities from those short-term borrowings. It was particularly burdensome for them when interest rates were high, but we have encouraged them to do this. I know the village of New Norway had some concern with that. We're not expecting them to do it all in one year, but we would like to see them build up a bit of an operating surplus in order that they can get by without short-term borrowing.

MR. STROMBERG: My second question is on a different subject. Some of our towns and villages have purchased land through Alberta Mortgage. I believe your department has inherited residential and industrial land. An example is the town of Bashaw. With the slowdown in the economy, nothing happening on land being held for industrial or residential areas, some pretty stiff payments, and some hefty interest, do we see any solution to it, if the economy has just a gradual swing back?

MR. GROVER: The problem that many municipalities financed land through Alberta

Housing Corporation, which I believe was later changed to the Alberta Mortgage and Housing Corporation, is going to be a burden on municipalities in future years. That particular arrangement was that there was an agreement with the corporation and the municipality and they were paying for those lands as they used them. But there is a fixed date at which the municipality will be responsible to repay the corporation for the moneys loaned to it to assemble those lands. The problems that have been evident to date are those where the municipality has financed their land purchases through the Municipal Financing Corporation and have been making their payments. At some future date the municipalities, such as Bashaw, that went through the provincial Housing Corporation are going to be faced with some very difficult times in order to meet their payments, unless there are sales for those lands that have been assembled.

MR. STROMBERG: My third question. Mr. Grover, you're fairly familiar with the towns and villages within the Camrose constituency. Forestburg is envious of Bashaw's grant, Bashaw is perhaps envious of Daysland, and Killam thinks they're getting too little. And it goes on and on. As much as I've tried to figure out the fairness of the grant system, have other methods of grants to towns and villages been looked at? I'm thinking of an industrial tax right across the province that would be a little more equal. A prime example is the village of Forestburg, which, by the way, now has a population approaching 900. The coal mine and the power plant are across the river in the country of Paintearth, but Forestburg is a bedroom town. They get a portion of the industrial tax from that power plant only through the grant system. They look very enviously at the county of Paintearth's getting it.

MR. KOZIAK: Mr. Chairman, perhaps I can begin by indicating that the concerns Mr. Stromberg raised relative to the — maybe competition isn't the right word — concerns individual municipalities have raised relative to the grants paid by the Department of Municipal Affairs from moneys appropriated by the Legislature under the unconditional grant system is something that was prevalent and something that we responded to with the change

in formula for the distribution of the unconditional grants to municipalities. We found that there were a number of municipalities, similar in size and circumstances, that had valid complaints, that grants to one municipality might in certain circumstances be double what another municipality received, even though the population and the fiscal capacity of each was similar.

We responded to this concern by developing a new formula. That formula takes into account the population of a municipality and its fiscal capacity, its assessment per capita. That's for the urban municipalities. We added another factor for rural municipalities, because we fully recognize the expense that rural municipalities face in maintaining their roads. So we added the factor of how many kilometres of roads that municipality has. Those are the factors we plug into the formula. As we plug those factors for each municipality into the formula, out comes a number. We have found that in some cases, municipalities were receiving well over twice what they were entitled to, whereas other municipalities were receiving less than what they were entitled to, justifying the complaints we received.

So we've implemented the formula, and now we're trying to bring the municipalities closer to the 100 percent goal we have for all municipalities. I know we're talking about '83-84, but it's probably better if I express some of these things in current terms. This year, 1984-85, we've moved everybody down to 200 percent of their entitlement as the maximum for those who are above. Next year we'll be moving everybody down to 175 percent and then 150 percent. At the same time, we've brought everybody up so that nobody is below 85 percent. Depending on what the Legislature votes in future years, our goal is to bring everybody up so that we're moving up to the 100 percent factor. That responds to that concern, and we've had very good reaction from the municipalities to this approach. It has eliminated most of the complaints about the inequities of the unconditional grants.

I believe the other aspect that you raised, Mr. Stromberg, is the question of industrial tax transfer. As we're all aware, it's the municipality within which the assessment is located that gets the benefit of that assessment. In improvement districts we follow

the pattern of transferring predominantly to urban municipalities -- towns, villages, and what have you -- that have employees residing in those towns, villages, and cities but who work within the improvement district. That municipality identifies each individual and each dependant employed in the improvement district, and we arrange for a transfer of X dollars per person to that urban municipality.

That same authority exists for organized municipalities. There is nothing to prevent a town, village, and county getting together and saying: "Look, all the assessment is in the county, but we realize all the employees live in the town or village. Because that village has to face additional expenses, we will enter into a tax transfer agreement." That is possible. I don't know, Mr. Deputy, if in fact there are . . .

MR. GROVER: There is one.

MR. KOZIAK: Perhaps you could identify that.

MR. GROVER: I'm not sure where it is.

MR. KOZIAK: There is one between organized municipalities.

MR. LEE: Mr. Chairman, to the minister. Over the years I had the opportunity to serve on the Alberta Urban Municipalities Association. I recall that every year the issue of the year was revenue sharing. Each new president had a new opportunity to deal with a brand new issue: revenue sharing. I recall that a task force was struck by the previous minister, and this minister has been looking at it. A great deal of discussion has taken place, and perhaps the minister could indicate what the current status is, based on the last ministerial advisory committee report? Has any action taken place or is it contemplated?

MR. KOZIAK: Mr. Chairman, I'd be pleased to do that. First of all, my response with respect to revenue sharing has always been that the province does share revenue. In fact, it shares revenue quite generously. Our total transfers from the province to the municipalities are in the approximate area of three-quarters of a billion dollars. Those take place through numbers of departments: Transportation, Social Services and Community Health, Recreation and Parks, and others, in addition to Municipal

Affairs. We do that on the basis that there are certain programs that the Legislature determines are necessary and beneficial for the people in the province of Alberta and that those programs should in fact be delivered by local government. Of necessity, there must be conditions attached, because the departments which have been charged with the trust of expending those funds must in turn be accountable to the Legislature and committees of the Legislature, as we are here this morning, for the way in which those funds have been expended. That's why there are conditions.

We recognize that the committee Mr. Lee identified expressed some concern with the numbers of conditional grants and the degree of conditions attached to those grants, including the reams of paper, so to speak, and red tape that might accompany such conditional grants. We have established a grants review committee with representation from the AUMA, the AAMDC, the improvement districts, and the department. That committee has been studiously looking at all the conditional grants that all departments provide to municipalities to determine if there can be mutual improvements to the system.

We saw one outcome of the work of that committee in this year's budget. A recommendation that came forward dealt with the question of grants in lieu of taxes on senior citizens' residences. We initially received concerns from the mayors of Edmonton and Calgary, at that time Mr. Purves and Mr. Klein, indicating that because of the excellent efforts of the Alberta Housing Corporation, as it was then, in responding to the needs of senior citizens in this province, land that previously bore income for the municipality was frozen. It was actually withdrawn from the overall income stream as it became a senior citizens' residence. So not only did the city not benefit from the additional construction, they actually lost when the land assumed another role and expressed a concern that the province should look at providing grants in lieu of taxes on those. That concept was taken forward by a number of MLAs and by the Grants Review Committee. The recommendation came forward, and we were able to respond in the Budget Address this year.

That is one positive outcome of the Grants Review Committee. It's my hope that they'll be able to identify in their review areas where we

can in fact reduce the level of frustration. It seems to me that if you've got to do \$500 worth of paperwork to get a \$500 grant, something is out of kilter, and that type of complaint has been received. So if we can eliminate that type of unnecessary paperwork and still have the necessary accountability to the Legislature for the funds that the Legislature has asked us to direct in this way, we should all seek that goal.

MR. LEE: A supplementary, Mr. Chairman. I notice the minister used the term "red tape", and I did my share of cutting red tape when I was at city hall. I recall that the way we cut red tape at municipal government is lengthwise.

Perhaps the minister could comment on observations made by municipalities that other provinces have revenue sharing, and would the minister comment in the context of what our per capita grants, conditional and unconditional, work out to relative to, say, B.C., Ontario, and Saskatchewan.

MR. KOZIAK: Mr. Chairman, I don't have those exact figures at hand. As the Speaker would probably say if he were in the Chair, there are other methods by which that research can be accomplished. Rather than do a comparison, I will say that the issue has not been hot and heavy this last year. I gather that in some of the other jurisdictions where a formula exists, there wasn't an increase in the level of funding, whereas in our jurisdiction, where we determine by legislative vote the allocation to municipalities under the unconditional grant system, we had a healthy increase this year, 4.2 percent. That was a positive move when compared with some of the other directions taken.

We also have in Alberta in our Department of Municipal Affairs a substantial level of funding for interest shielding, which doesn't exist in other provinces. This year \$118 million was voted, and that is another factor that has to be kept in mind when one makes comparisons with other jurisdictions.

MR. LEE: Thank you.

MR. R. MOORE: I must apologize even before I ask a question of the minister. Sitting here last week, I marked several areas and made notes of what I wanted to bring up this morning, and I left my account books upstairs. So if he asks

what section I'm asking under, I am at a loss. Before he corners me, I'm admitting it.

First of all, of the amount budgeted for the property owner tax rebate and the senior citizen renters assistance for '83-84, you were 18 percent unexpended. The next year you came back with the identical amount in your budget? Why would that be when you were so far in excess in '83-84?

MR. KOZIAK: Mr. Chairman, one of the difficulties at that time was to determine exactly what the demands would be when we extended this program under the widows' and widowers' benefits program of the provincial government. We weren't quite clear as to the numbers that would apply. Our expectation was that there may have been numbers out there that hadn't come forward and might come forward again.

The other factor may tie in with respect to the level of property taxes. We're talking here in terms of votes 3.2 and 3.3, the senior citizen renters assistance grant and the property owner tax rebate. In both cases the programs apply to widows and widowers. The hon. member has correctly identified a fairly substantial unexpended portion in both those cases. There are two factors that affected the demand here as well, because we have two levels of grants on the senior citizen renters assistance grant. Assuming that you could have a complete count on all people who would be entitled — all people who were over 65 and all people who were widows and widowers — and at the same time you had a complete count on all who were renters, because there are shifts in that as well, there are still shifts within that category, because those seniors who rent private accommodation that is not subsidized in any way by the provincial government or the federal government receive \$1,200; those senior citizens who are in subsidized accommodation receive \$600. So where you are determines the amount you're entitled to and, at the same time, determines the demand we have on our budget. There's a considerable amount of movement in that respect.

In the property tax area, much depends on assessments, because the amount of the grant, first of all, will eat up all the municipal taxes if there is an excess after the SFPF calculation. The SFPF calculation is determined by local assessments and those things are not always

within our control. So we have taken the position that we'd rather not run out of money when it comes to this very important program, but whatever isn't spent is always returned to general revenue.

MR. R. MOORE: I have a second question, Mr. Chairman. Looking at the total expenditure for the Department of Municipal Affairs in '83-84, you increased the budget by approximately 12.5 percent. Given the situation faced by municipalities in a difficult time, this increase can be understood; I accept the increase. However, can the minister explain to us why the departmental support services component of the budget, which is primarily made up of staffing and supply cost, increased by 14.3 percent? The figure is nearly 2 percent higher than the departmental increase. Surely, in a time of restraint it is crucial to channel as much money as possible into actual services rather than increasing support services.

MR. KOZIAK: Mr. Moore raises the very interesting statistic, and I don't have the exact information with me. I notice that the total amount unexpended for 1984 in the departmental support area is substantially greater than the total amount unexpended in the 1983 area. In other words, although the amount voted was fairly substantially higher, the amount spent wasn't as much, because moneys were in fact returned to general revenue. I suspect that what may have happened, because there has been an increase predominantly in the supplies and services process and there may have been some increase in manpower, is that a shift within the various votes may have taken place in terms of identifying the various programs. I say that because over the course of the last number of years the overall manpower component of the department has in fact been dropping. I may be out of line here, but my best guess would be that the reduction in manpower in the Department of Municipal Affairs between November of '82 and May of '85 on a percentage basis is probably higher than it is in any other department. Much of that, of course, has been accomplished by the privatization program we've been going through whereby two improvement districts have assumed local government and the special areas have assumed greater local government. But at the same

time, we've also been very careful with our manpower and with our departmental support services. However, Mr. Chairman, I will undertake to provide Mr. Moore with better and more detailed information on that question.

MR. CHAIRMAN: If you want, when you get that information, send it to me, and I'll make sure that all members get it.

MR. KOZIAK: Thank you.

MR. R. MOORE: Mr. Chairman, just a comment. I'm very pleased to hear the minister say that manpower is down, because I was concerned. I'm always concerned, even in good times. But in times such as these, any increase in the bureaucracy alarms me. I think we should be very conscious of that. I am pleased to have the assurance of the minister that his department has indeed decreased the number in the bureaucracy.

MR. NELSON: Chairman, I'd like to direct a couple of questions to the minister, relevant to the Auditor General's report, pages 25, 26, and part of 27. Firstly, there's a considerable amount of written material here. The lack of various activities -- if you want to use the term "activities" -- with regard to the Metis Betterment Act and legislative changes

. . . is effectively preventing the resolution of various legislative irregularities pertaining to the establishment and administration of the Metis Population Betterment Trust Account.

Could the minister possibly outline the problems he's having here, if that be the case, and why we can't get on with cleaning this up?

MR. KOZIAK: The most succinct way that I could describe the problem is that the legislation and the practice are not in parallel; they're not coterminous. The Auditor General has identified areas where, for example, the honoraria paid to counsellors exceeds that authorized, and other difficulties that we have in the process. These could all be cured by changes to the legislation creating these funds and affecting the Metis settlements in the province.

As members are aware, we have litigation that is under way between the province and the

settlements relative to mineral rights. As a result of that legislation, we have given an undertaking that legislation wouldn't be changed without the consent of the settlements. The Grant MacEwan committee was then established to review the Metis Betterment Act. That committee has concluded its very important work and has presented us with a report. We are now looking at how that report can best be implemented, what matters are still unresolved.

There are a number of areas, of course, that are under discussion today. Some of the important aspects that have to be considered are not only the actual form of government that takes place on the Metis settlements but a determination of who, in fact, is entitled to be a member of a settlement, who is entitled to receive land allocations. The whole question of contributions by settlers to the operations of settlements is another matter under discussion. All of these things are, of course, leading up to legislation which will change the Metis Betterment Act.

It's perhaps a slower process than we would like to see. However, we must recognize that there are approximately 4,000 settlers who are very concerned with maintaining the way and style of life that they've identified for themselves on these settlements, and we have to move carefully.

I'm particularly pleased with some of the approaches and developments that my colleague the Minister responsible for Native Affairs is taking in working with the settlers and also with the Metis people of the province of Alberta in moving things along. I think the support in that direction will be very helpful in resolving the ultimate difficulties that we see identified by the Auditor General on pages 25, 26, and 27 of his report.

MR. NELSON: Chairman, considering the difficulties the minister is having, considering the fact that there is this legal challenge and the fact that there is, I guess, some slowness in the system, how can we justify paying moneys when it may be -- I don't know whether I should use the term "illegal", but certainly out of the norm? Why are we treating this situation differently from another situation with the municipality, especially in those areas where we're paying honoraria of \$100 or \$200 when in fact it's suggested it may only be a \$3

honorarium as provided by the regulations? How do we justify putting all this money into trust accounts and paying these honoraria and what have you without having the legislative authority or the ability to do so?

MR. KOZIAK: Well, Mr. Chairman, it is a conundrum. I would ask that members of the committee recognize the fact that, today, a \$3 honoraria for attending and deliberating on council meetings, much along the lines of what a municipal government might have to face, is totally out of line with the reality of 1985. The honoraria that is paid is more in line with what is expected in municipal governments across the province, give or take, depending on circumstances. What we are doing is recognizing reality, fully appreciating the difficulty that Mr. Nelson identifies. It's something I've wrestled with and I'm troubled with, but it's something that isn't going to be resolved from a dotting of the i's and crossing of the t's until we have the legislation changed.

MR. NELSON: Well, Chairman, I appreciate what the minister is saying, and I agree that a \$3 a day honorarium is a kind of kick in the face if we did something like that. But at the same time, is there some reason that some amendments to the legislation can't be brought forward and passed in a reasonably quick period of time to make these adjustments so that we can legalize the payment of these moneys to the Metis, be it in an honorarium or a trust account or whatever, so that we can get this sort of thing off the books and do things properly, according to normal procedures we would use to treat anybody else?

MR. KOZIAK: Mr. Chairman, I fully support the sort of desire that Mr. Nelson has expressed. It would be great if we could accomplish this. We do have that Damocles sword that hangs; that's the litigation and the undertaking we've given. Whether piecemeal legislation could be put together to attack certain areas is, I suppose, an item for discussion. Our overall goal would be to bring the entire Act into what's left of the 20th century and provide a framework for a continued and growing, strong level of local government on the Metis settlements that would respond to much more than just the honoraria question. There are significant other

areas that have to be addressed, and we'd like to address those as well.

MR. ALGER: Mr. Chairman, I'd like to indicate to the minister that in the book of estimates for '85-86 -- stop me if I'm out of line, Chairman; I'm not sure I am -- I can't help but thank the minister for the surprising amount of assistance that the department supplies to all our towns, municipal districts, improvement districts, counties, and so forth. I guess question number one would be that I notice that Turner Valley, in my constituency, received no increase whatsoever in its financial support, while Three Hills was boosted by 132.8 percent. I can't help but wonder what happened to Three Hills. Did the town burn down, or what was the reason for that magnificent support?

MR. CHAIRMAN: I know we're talking about this year's budget and should go back, but we've never followed it that closely, if the minister wants to give an answer.

MR. KOZIAK: Thank you, Mr. Chairman. First of all, when Mr. Alger referred to the book of estimates, I almost thought we were in a religious experience here. It was one of the books that I hadn't . . .

Three Hills is a rather unusual set of circumstances, both because Three Hills was fairly significantly below its entitlement on the new formula and because we added a substantial number of people by an annexation. The Bible college -- which brings us to the book of estimates -- was annexed to the town of Three Hills, so the overall population of the town grew substantially. That's why, on a per capita basis, its entitlement grew.

MR. ALGER: Mr. Chairman, a supplemental. I notice that the municipal district of Foothills No. 31 receives about \$521,000, which is roughly 10 percent of its total budget. This refers to both years. Would this figure then be extracted from the budget before the tax assessment and so forth is made for the rest of the people in the municipality? Do they have to raise \$4.5 million on their own, through their taxation system, if the budget is \$5 million?

MR. KOZIAK: Mr. Chairman, a municipality sets its budget, and then it has its sources of revenue. There is nothing that requires the

municipality to set it at \$5 million, \$4 million, or what have you. It does have to respond to certain claims such as, for example, the hospital, the Alberta Planning Fund, the library, and things of that nature. But generally, with respect to the municipal budget, the municipality determines what it wants to spend, and then it looks at its sources of revenues. It gets the unconditional grant from the Department of Municipal Affairs. It will also get a grant from the Department of Transportation, and it will get grants from other departments. In addition, there may be some other sources of revenues; for example, utilities and licences. Some particularly rural municipalities have a little heritage fund, and interest and other income flows to the municipality. What isn't made up from those combined sources of revenue is then made up through a levy on the assessment, with a mill rate.

MR. ALGER: A final supplemental, Mr. Chairman, if I may. In view of that fact, the minister may or may not have heard me inquire from time to time in the House what can be done with regard to a more equitable assessment for the balance of that budget that has to be raised. It seems to me that some taxpayers pay more heavily than others with a similar amount of property. I wonder if the minister would react to whether the department is working on that resolution, or do I have to do it all by myself?

MR. KOZIAK: Mr. Chairman, Mr. Alger knows full well that I've heard him, and I've heard him, and I've heard him. He's doing just an excellent job of bringing this concern forward, not only in the Legislature and in caucus but on the streets, in my ear, in my offices, and in the department's offices. He is extremely persistent, and I wish him every success in his persistence. I think fairness in our property tax system has to be a goal that we all have to strive for.

We're in this together with the Association of Municipal Districts and Counties. They fully recognize that we have to look carefully at how we approach assessment in rural Alberta. It's also a problem that has spilled over into urban Alberta. I guess it's not the urban cowboy, it's the urban farmer, and that's tied in to that issue as well. The Association of Municipal Districts

and Counties has been working hand in hand with the department, in terms of information and any details we can help them with, in trying to develop an approach that would take us beyond the last step which the previous Minister of Municipal Affairs identified and brought forward for changes in the system.

You're aware, Mr. Chairman, that Mr. Alger's concern is in the fact that residences in rural Alberta are exempt as to the first \$40,000, let's say; that's an easy figure. It varies, depending on the assessment year and things like that. Basically, your average three-bedroom bungalow would be exempt from assessment for farmers. The question is: who is and who isn't a farmer? We don't have professional legislation with an exclusive scope of practice. There are certain tests that are applied which in some cases are challengeable and open to review. We're working carefully with the association, and we're of course keeping in mind the very real interest that the Member for Highwood has on behalf of his constituents.

MR. ALGER: Mr. Chairman, I would like to thank the minister for his answers. With the co-operation of the Alberta Association of Municipal Districts and Counties and the minister's department and with my agitation, I think we'll get this equalized one day.

MR. CHAIRMAN: That's a little advertisement there.

MR. STROMBERG: Mr. Chairman, back to my first question. Some of the villages and, I suspect, towns that are going to be faced with a day of reckoning for paying up their Alberta Housing Corporation bill. When that day comes, they will have the choice of raising their mill rate and perhaps forcing all their citizens to move to a cheaper taxation district. Would there be a possibility of rolling over the AHC mortgage with the Municipal Financing Corporation?

MR. KOZIAK: Mr. Chairman, I think that currently -- I wouldn't want to put my hand on the book of estimates. My understanding is that the Department of Housing has not rolled in all the accumulated interest on the land in question so as to have a growing cost to the municipality. I'm not a hundred percent sure on that. That would best be posed to my colleague

Mr. Shaben. However, if today a municipality financed the acquisition of land with the Municipal Financing Corporation, they would be responsible to meet the mortgage payments on an annual basis. So I don't see that there could be advantages there.

MR. STROMBERG: My second question. It was indicated that there were two municipalities that were sharing their industrial taxation. I suspect that was on a voluntary basis?

MR. KOZIAK: Right.

MR. STROMBERG: I'd like to know which two municipalities they are. In the case of the county of Paintearth sharing any taxation with the village of Forestburg, I believe the sun will come up in the west before that would happen. Would that not apply with a lot of other municipal jurisdictions? Has the department thought of forced sharing of taxation?

MR. KOZIAK: Mr. Chairman, we'll undertake to provide the committee with the two municipalities that are in such an arrangement. We provide example in the improvement district situation, but I'd be loath to enter into a program by which we force municipalities into such arrangements. There are so many ways in which municipalities combine their efforts for the betterment of their common populations, and they do so on a willing basis. If the province started to dictate terms to municipalities in this area, there'd be an expectation that the province would be dictating terms in others areas -- recreation agreements and many areas where municipalities will combine together and say, for example, let's build a common facility; individually we don't have sufficient funds to be able to respond to our citizens needs, but joining together we do. That's happened, and there are examples throughout the province. Generally speaking, I think municipalities work well with each other. It would be fairly dangerous for the province to interfere with that process.

MR. STROMBERG: Perhaps the minister didn't understand the point. I'm not trying to get a fourth supplementary in, but is not the answer equalized in industrial taxation?



MR. KOZIAK: That's another discussion, Mr. Chairman. We have that concept in place with the School Foundation Program Fund, where we collect on all industrial property, all commercial property, a provincial mill rate, which then goes into the education pot for distribution to schools and school boards based on the number of children they have, on a formula.

The other side of that argument is that there are, in fact, certain municipal expenditures that accompany the location of assessment within a municipality. In some cases you might say there is some inconvenience to the local taxpayers when a plant goes up. When a sour gas plant goes into part of rural Alberta, the farmers that surround that sour gas plant look upon that as an inconvenience. It may be an inconvenience they're prepared to share if their taxes go down. But it may not be an inconvenience they would be prepared to have if those taxes don't go down but the taxes in town go down. What will then happen is that industry will have a hard time locating anywhere, because everybody will get the benefit of the location of industry but nobody will have to suffer any of the inconveniences. That's the other side of the argument, and it's a tough one.

MR. SZWENDER: Mr. Chairman, I have a general question relating to the estimates that I'd like to address to the minister and his staff. It is with regard to communication. As all elected members of the Legislature know, one of the difficulties we face is with communication — not so much that we don't communicate well but that there is so much communication always coming across our desks that trying to transmit that to our constituents is difficult because of the avalanche, the overload we all face.

With respect to a number of comments made this morning, first by the minister with regard to the amount of moneys that pass from the Department of Municipal Affairs to the various municipalities in the province, and also comments made by other members of the committee with regard to moneys, I often wonder whether the communication from the minister's department is making its way in a full and complete way to the citizens of this province.

One example given earlier was regarding the confusion about whether senior citizens should

be getting \$600 or \$1,200 rental assistance rebate. That's one of the most frequent calls I get, because people just don't understand why they are treated differently from somebody they know down the street.

I know that the Department of Transportation has a beautiful sign right down here, just off 109th Street, where they're doing some road work. It says Alberta 75 percent, city of Edmonton 25 percent. Anyone driving by there will now clearly understand how the road building is being funded. This year the Minister of Recreation and Parks has instituted a new program to replace the old MCR grant program with the new CRC or the community recreation/cultural program, where MLAs will be able to present cheques to the various groups within their communities and thus indicate where those funds are originating.

Just as a general kind of response, is the minister considering a more effective means of communication so that moneys flowing to the various municipalities or, in my particular case, the city of Edmonton are clearly identified, recognized, and given the credit they're due?

MR. KOZIAK: Mr. Chairman, the process we use for the unconditional grant transfer to municipalities — we don't even use cheques. The funds are transferred, I guess you might say, almost electronically from the bank to the bank. Perhaps the deputy minister of Municipal Affairs or Mr. Leitch could enlarge on that.

MR. GROVER: I'll attempt, Mr. Szwender and Mr. Chairman. The arrangement, particularly with respect to the very large municipalities that are receiving large sums of money — the delay in the mail process can make substantial difference in the amount of interest a municipality would be entitled to. There has been an arrangement made with the municipalities through the Treasury Department to transfer the funds directly, so that in fact there is no cheque issued.

The municipalities are certainly aware of the amount of their unconditional municipal assistance grant. I think the Department of Municipal Affairs has perhaps been communicating quite well with municipalities, but probably you feel there should be more communication with the citizenry of the municipality as opposed to the municipal corporation or the heads of the corporation

itself.

MR. SZWENDER: Yes. If I could elaborate, one of the concerns that stemmed my question this morning is the confusion that arose over an advertisement placed this past year regarding the provincial budget, as to how much the city of Edmonton would receive in grants from the province. Certainly, we're dealing with estimates from the previous year, but this is a problem that could arise at any time. There were a lot of people who felt that we had misled certain individuals by the statements. Indeed, there was a mistake. But the comments I wanted to address were to avoid that happening in the future, so that citizens of Edmonton or any municipality in this province recognize the amount of commitment. The minister mentioned three quarters of a billion dollars. I don't know if that included all departments or just his department.

MR. KOZIAK: All.

MR. SZWENDER: All departments. As I'm given examples, I think some departments are doing a very good job and clearly communicating how much of a commitment from the province is forthcoming. Sometimes I wonder whether my constituents or constituents in other parts of the province are getting that clear a communication from the minister's department.

MR. KOZIAK: Mr. Chairman, that's an interesting comment and one I think we should take under advisement and see if there are ways we can improve the communication of certain facts. There is no doubt that although there was a lot of interest caused by the mistaken advertisement, it did bring to the attention of the public the fact that there were unconditional grants, and not only that there were such grants but the amount of those grants and of other grants. So it probably did more in bringing that to the attention of the public than if it was just an advertisement that was entirely correct. It was the subsequent discussion that fully identified what was taking place.

I think Mr. Szwender does raise a point which we should consider: how can we improve the level of awareness of our citizens as to the degree of support the province provides to municipalities, beyond just the municipalities

themselves? That's a challenge we'll have to look at very carefully.

MR. GROVER: Mr. Chairman, if I might, I'd like to supplement that answer with the position this department finds itself in in relation to other departments; this is, I suppose, the difference in the grant itself, wherein the Department of Municipal Affairs' grant to municipalities is an unconditional form of grant as opposed to conditional grants, that are readily identifiable. The grants Alberta Municipal Affairs provides to municipalities that are unconditional are used for a number of operations within the municipality. Perhaps the majority of them are just used in the general revenue of the municipality and thereby are very difficult to identify in that regard.

MR. SZWENDER: Thank you.

MRS. KOPER: Mr. Chairman, my questions, too, are of a general nature and perhaps don't refer specifically to this year. I am aware of the urban parks program. When new developments are created and some of the dedicated lands are used for different purposes, cash in lieu is put in a fund in cities. My question is: how are these funds tracked through your department to ensure that there is adequate green space in the cities?

MR. KOZIAK: Mrs. Koper raises the issue of the dedication required under the Planning Act, Mr. Chairman. Fortunately, we have another person here, that I didn't identify earlier, who is here in another capacity. In addition to being deputy minister, he's also chairman of the Alberta Planning Board, so he may be of considerable help in responding here.

Just as an overview, under our Planning Act if there is a subdivision of land for which there has been no previous dedication, the subdivision approving authority can require that sufficient dedication be required for the purposes of access, roads, utilities, up to a maximum of 30 percent of the land to be subdivided. In addition, there is the provision that up to an additional 10 percent may be required for the purposes of schools and parks. In saying that, I haven't also dealt with the other area of environmental reserves, where those are appropriate.

You specifically pose the question of what

happens to the 10 percent. I did want to indicate a little personal concern I have relative to the 10 percent. This is something we are reviewing, and I've reviewed this in terms of other provincial legislation. There is no doubt that we can't be fixed in that position. The 10 percent is an outgrowth of a period of time when, for example, five, six, seven, eight children in the family were not unusual, so you had to have schools in catchment areas that were about a mile in width or even less. But today's family sizes are considerably different. We may have to take a look at the size of catchment areas for schools and the requirement of dedication of land for school purposes. In fact, the current requirements may be escalating education costs by creating expectations for school facilities that really aren't necessary, having regard to the population that will be served. The fact that there is an open space there, waiting for a school, may encourage the construction of an unnecessary building, when there are more than sufficient facilities elsewhere. That has to be reviewed.

Then there's the question of whether or not there should be a dedication for school purposes in an industrial subdivision. I have yet to see a pipeline or a plant send a child to school. That type of question has to be addressed as well.

We have to be fluid about these things. Fortunately, our legislation is of the type that provides for that fluidity, if I may use that word. I don't know if there is such a word; if not, we've created it. The subdivision approving authorities do have discretion. When we provide discretion in legislation, it's there to be used. I hope subdivision approving authorities keep that in mind.

In some cases, municipalities have been taking cash in lieu of a reserve. I've always been of the view that the purpose of our dedication legislation in the Planning Act was to provide land necessary to serve the subdivision. It wasn't a means by which municipalities could enrich their coffers. It wasn't a fee for approving subdivision, or a bribe or what have you. It was there to improve the quality of life for the people in the subdivision, recognizing that you need roads to get to your lot. Education is a very important part of our society, a necessity, so we should have schools. We want some green spaces and parks for the people who are served by the

subdivision, not for the greater population at large. Those things that are required for the greater population at large should be paid for by the greater population at large. Those things that are required within a subdivision should be paid for by the beneficiaries of that subdivision.

There are, in fact, rules that apply to the funds that are received by the municipalities when cash is given in lieu of reserves, and the chairman of the Alberta Planning Board is much more knowledgeable in those areas. I'll turn that aspect of the question over to him.

MR. GROVER: Mr. Chairman, Mrs. Koper: the funds that are acquired by the municipality for the money in lieu of land through the subdivision process are placed in a separate fund by the municipality and can only be used for the purchase of other land for the purpose for which the initial lands would have been dedicated. That's for school or park purposes.

There's also the option for the municipality to use those funds for recreational purposes for the municipality. Many municipalities have an arrangement whereby the moneys dedicated within a certain area must be spent in that area. I refer particularly to the municipal district of Rocky View, surrounding Calgary. They also have a condition with respect to their moneys in lieu of reserves: if a community association wishes to use those moneys to improve the community facilities that service the area, that community must match the funds provided to them by the municipality through the money they received in lieu of taking lands. So the use of the money is restricted for a specific purpose.

MRS. KOPER: Thank you for the very thorough response to the question.

Mr. Chairman, the hon. Member for Calgary Buffalo stated the chief issue of the year at the AUMA, and I beg to differ. I always thought it was licensing of cats. I just wonder if the minister has considered this as a source of alternative revenues?

MR. SZWENDER: Only cathouses.

MR. KOZIAK: No, I believe the houses are federal. Somebody suggested cathouses.

MR. CHAIRMAN: She asked you if you'd consider that as a source of revenue.

MR. KOZIAK: Mr. Chairman, I read somewhere that there's a difference between a dog and a cat: a dog is in fact a domesticated animal whereas a cat can never be domesticated in the same sense. The argument went thus: if you had a dog and then you had a machine that could take a human being and reduce that human being in size, where that human being would be the size of this cup, the dog would still respond to the verbal commands from that human being, regardless of the size. If you had a cat and reduced the human being in size to the size of this cup, the cat would eat you. To what extent that has any bearing on the licensing and control of cats at the municipal level, I'll leave to your imagination.

There is a resolution on the books of the AUMA. As a matter of fact, I just delivered the annual response of the government to the resolutions passed by the AUMA at their annual convention and indicated that thus far we have not had a chance to review that particular resolution.

MR. CHAIRMAN: Thank you. Have you sent along your speech to them? We appreciate the minister's philosophy in Public Accounts. Mrs. Koper, were there any more follow-ups? Mr. Nelson, followed by Mr. Paproski.

MR. NELSON: Thank you, Chairman. I'd like to pursue the other area I was discussing. I'm sure that if the minister was serious, he could give the municipality enabling, permissive legislation so that they could look after their cats, and then he wouldn't have to worry about it.

Mr. Chairman, considering the litigation that I understand is in place with regard to the Metis and the fact that it is over mineral rights -- and I could be corrected if I'm wrong -- what is the difficulty in developing legislation to settle the issue, as outlined in the Auditor General's report, rather than having to wait for the particular litigation or use that as an excuse for what not doing too much to get this in order?

MR. KOZIAK: As I recall, Mr. Chairman, a couple of years ago -- and I think it was something in the nature of the statutes amendment Act -- legislation was prepared by the Legislative Counsel, reporting to the Department of the Attorney General. They prepared legislation that basically corrected and changed minor words that didn't affect the

principle. As I understand it, they do this on a regular basis. There's an Act that comes forward that does this and changes a "the" to an "a" or makes grammatical corrections and stuff like that. One such word was changed by the legislation in the Metis Betterment Act, to the chagrin of the Metis settlers. That was reversed, because they did not want the legislation to be changed in any way, shape, or form during the time in which the litigation was taking place. That's the only answer I can give the hon. member.

MR. NELSON: Just to conclude, Mr. Chairman, I guess the difficulty I'm having is that we tend to put legislation in for everybody. We've got a page and a half of issues here that have been brought forward by the Auditor General and that should have some corrective measures. Obviously, if nothing is being done, they're going to appear again next year.

I would like to ask the minister if this can be followed up and some corrective measures pursued at least, knowing the sensitivity of the whole area. The difficulty I have is what other area, municipality, or group could get away with doing virtually the same thing? I don't know that they're getting away with anything; we're giving it to them in a fashion that's outside the legislation. If I asked for something outside the legislation for the city of Calgary, would we get the same opportunity as what we're offering here? I think it's a situation that certainly needs to be addressed and looked after at the earliest possible time.

MR. KOZIAK: Mr. Chairman, I'm looking forward to the support that I'll be getting from Mr. Nelson during the course of the next year as we approach changes to the legislation.

MR. PAPROSKI: Mr. Chairman, first of all, I want to follow up on the comments made by the Member for Edmonton Belmont. I, too, am concerned with respect to the communication that is occurring in the city of Edmonton specifically about conditional and unconditional grants and the understanding of the general population of these particular funds. I'm very pleased the minister will be taking this under advisement. I want to know if I could ask a specific question as to what that means and whether you or your department officials will be reviewing it in the not too distant future and

reporting, or how would this work?

MR. KOZIAK: Mr. Chairman, what is the word? Sotto voce? We were whispering. I think that's Latin for whispering.

Following Mr. Szwender's statement a minute ago, we might want to consider perhaps an ad or a notice in the local newspaper on an annual basis that would indicate the actual amount of the grant that had been transferred by the province to each municipality, so that all the citizens in the municipality would also be aware of the process. That's one of the approaches that might be taken. But we will definitely take the suggestion under advisement and see if there are any improvements that can be made. We do have a municipal counsellor that normally identifies many of these things on an annual basis, and of course they're in the documents, in the element details. Many of the MLAs do make reference to those details when they prepare their reports.

I think there are challenges here that we should look at very carefully to see if we can't improve our communication with the citizens as opposed to the municipalities.

MR. PAPROSKI: I have two supplementaries if possible, Mr. Chairman. The first one deals with communication again, specifically with the city council and the mayor of the city of Edmonton. I know of your communication abilities. I know that you are meeting with representatives around the province. For my own information, what kind of communication goes on between you, specifically, and the mayor of the city of Edmonton with respect to concerns, desires, needs, issues, regarding funding? Is there a regular period of time that you meet with him or his senior representatives? Does that happen?

MR. KOZIAK: In terms of my relationship to elected officials across the province, the regular meetings take place with the association executive; for example, AUMA, AAMDC, AID, that type of thing. I meet with elected representatives as is necessary, and the municipalities determine when it's necessary. If they have problem, then I'm more than willing to sit down and meet with them to see if we can assist in that problem. So there are irregular meetings or irregular telephone calls or irregular letters that take place on a daily

basis, so to speak, with municipalities all across the province. We also have a regular system of meetings at the official level that take place on a regular basis. Perhaps I could ask the deputy minister to enlarge upon that.

MR. GROVER: Thank you, Mr. Minister. Mr. Chairman, under the legislation the Department of Municipal Affairs has a regular routine, a requirement in fact, to meet and do an inspection of all municipalities throughout the province. The department has not in the past had such an inspection of cities within the province, because it is assumed that they have a professional staff that is able to see that the requirements of the legislation are carried out as intended.

Over the last three years the assistant deputy minister of municipal services division and I have regularly, on an annual basis, usually between Labour Day and the end of the year, met with all the senior officials of all the cities throughout the province. We were meeting with the commission board in the city of Edmonton. Last year our meeting was with the acting manager of the city and senior department heads. In other cities we meet with the commission board or the manager and senior staff.

This has provided a very valuable communication between the department and cities that was previously lacking. We meet not only to share with them and to try to assist them with respect to municipal programs but also to act, if they require, as a facilitator on their behalf with other department officials in the government.

MR. PAPROSKI: Thank you very much for the clarification. My last supplementary, Mr. Chairman, deals with one area that was alluded to previously as well, the miscommunication that occurred with the unconditional grants to the city of Edmonton and the fact there was no increase this year. For the record I'm wondering if the minister could clarify once more why there was no increase provided to the city of Edmonton.

MR. KOZIAK: Mr. Chairman, as I pointed out earlier, and I won't repeat the statement that I made relative to the new formula or the goals that we had for this year as to the top and bottom ends of the new formula. What I will do

is provide the committee now with information as to where Edmonton sits in the formula. We can take a look at that.

The city of Edmonton received a grant in 1985 of \$15,420,451. If one calculated the factors and plugged the system into the formula and got out the number that determined what the city of Edmonton was entitled to for 1985, they would have received \$14,000,656.71. So in 1985 they received roughly three-quarters of a million dollars more than they're entitled to on the formula. They are not alone in that set of circumstances, because there are other municipalities who received more than they were entitled to using the formula, but there were other municipalities who received less. That's about where the set of circumstances rests.

What will happen is this: if Edmonton's population increases without the assessment increasing, then their entitlement level will go up, or if we have more funds in the overall pot next year to distribute, then we'll be closer to reaching the position that Edmonton finds itself in today. That's where the situation is when one applies the formula to the city of Edmonton specifically.

MR. CHAIRMAN: I don't have any more people on the list. I take it there are no further questions.

At this point I'd like to thank the minister and his staff for taking time off from a busy schedule. We do appreciate your coming before us. Thank you very much.

A quick little bit of business here. Mr. Moore?

MR. R. MOORE: I thought they were moving towards closing down, which we evidently are. I want to bring forward two more names of ministers that we on the government side would like to be brought forward -- the Hon. Hugh Planche and the Hon. Don Sparrow. I realize that the next choice is the opposition side; if they haven't any, then we'd like to proceed with either one of those.

MR. CHAIRMAN: Can I suggest that it looks very much -- I don't think this will cause too much disappointment, but if it does, then we can reschedule -- like this will be the last meeting of this session. I expect we'll be finished this session some time next week. This

will be the last one of the spring session. What I will do is take the two names and contact them in a general sense, because I don't know the dates, about appearing before the fall session. I'll get out a letter to the representatives and the other people who may want to come to Public Accounts, and from there we'll juggle it in and get the dates. Would that be acceptable?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Any other business?

MR. NELSON: I move that we adjourn.

MR. CHAIRMAN: So we're aware that this will be the last session of this year. All those in favour of adjournment?

HON. MEMBERS: Agreed.

[The committee adjourned at 11:26 a.m.]