

LEGISLATIVE ASSEMBLY OF ALBERTA

Monday, April 30, 1973

[The House met at 2:30 o'clock.]

PRAYERS

[Mr. Speaker in the Chair]

NOTICES OF MOTION

MR. CRAWFORD:

Mr. Speaker, I hereby give oral notice of the following motion moved by myself and seconded by the hon. Dr. Hohol namely that the report of Chief Justice Milvain tabled in the House on April 27, 1973 and the speech of the hon. Member for Drumheller made in the House on February 19, 1973 and as recorded in Hansard be referred to the Standing Committee on Privileges and Elections and that the Committee be requested to report to the House on the conduct of the hon. Member for Drumheller in relation to the contents of the said report and said speech.

INTRODUCTION OF VISITORS

MR. ASHTON:

Mr. Speaker, I have the pleasure of introducing some 50 enthusiastic Grade 6 students from Westboro School in my constituency in Sherwood Park. They are accompanied by their teacher, and I'll ask that they stand and be recognized.

MR. JAMISON:

Mr. Speaker, it is my pleasure today to introduce to you and to the members of this Assembly 110 students from Lorne Aitken Junior High School in St. Albert. These students are here today to observe the proceedings of this Legislature. They are accompanied by four teachers, Mr. Gauld, Mr. Dick, Miss Pechanec and Mrs. Du Quette. I would ask that they rise and be recognized by this Assembly.

FILING RETURNS AND TABLING REPORTS

MR. LEITCH:

Mr. Speaker, I wish to file Sessional Papers No. 184 and No. 234.

MR. YURKO:

Mr. Speaker, I beg leave to table three reports by the Environment Conservation Authority, the first being the Science Advisory Committee's first annual report, the second being Information Bulletin No. 2 on the Current Status of Alberta's Eastern Slopes and the third being Information Centres and Source Material for the Public Hearings on Land Use and Resource Development in the Eastern Slopes.

ORAL QUESTION PERIOD

Royal Alex Hospital Nurses' Strike

MR. HENDERSON:

I would like to address a question to the Minister of Manpower and Labour. I wonder if the minister can inform the House as to the state of negotiation bargaining between the nurses and the Royal Alex Hospital Board?

DR. HOHOL:

Mr. Speaker, I am always happy to bring the Legislature up to date on matters like this. The situation is that the nurses have informed the management of the time at which they anticipate going on strike. I know that our mediation people are attempting to bring the two parties together to the bargaining table following the strike vote of last week.

MR. HENDERSON:

Supplementary, Mr. Speaker, to the Minister of Health and Social Development. Could the minister advise in what way his department, directly or through the commission, is taking whatever action is deemed necessary relative to planning, to be assured that the wellbeing of the patients in the hospital is protected and looked after?

MR. CRAWFORD:

Mr. Speaker, I think one of the complaints of the system whereby hospitals are governed by local boards and communities throughout the province is the fact that the boards have, according to my information, among themselves already arrived at the necessary procedures whereby adequate care of all patients will be the result. Of course, the Hospital Services Commission is keeping in close touch with the situation but primarily from a point of view of information rather than intervention.

MR. HENDERSON:

The department isn't planning any assistance by way of trying to assure that beds are available? For example that the University Hospital would transfer patients, and this type of work?

MR. CRAWFORD:

Mr. Speaker, my understanding is that the hospital boards themselves have been successful in working out arrangements which, although it couldn't be said they would be ideal in the circumstances, will be adequate.

MP. SPEAKER:

The hon. Member for Spirit River-Fairview, followed by the hon. Member for Calgary Mountain View.

Global Budgeting for Wage Settlement

MR. NOTLEY:

Mr. Speaker, before I put my question, could I put a supplementary question to the hon. Minister of Health and Social Development? I'd like to put a question to him that I raised on Friday with the acting minister. Can the minister advise the House what provisions are made in the global budgeting process to accommodate wage settlements?

MR. CRAWFORD:

Mr. Speaker, the whole process of global budgeting gives the responsibility for the allocation of the financial resources to the board once the amount is set for the year. In any case, any board in the province finding itself with some financial stricture resulting from something like an unexpected rise in cost of any item, including wages, during the year would have to make whatever arrangements by way of curtailing, perhaps, their services, or cutting their cloth, you might say, according to their budget.

Now that is always subject to the fact that an appeal can be taken to the commission at any time in order that if there is some reason why the budget should be adjusted, some consideration will be given to that. But that would

not be encouraged and it's not entirely consistent with the system of global budgeting.

MR. NOTLEY:

A further supplementary question, Mr. Speaker. Does the commission, in global budgeting, use any yardstick for wage settlements, or is the approach that of just following what the local board decides is a possible wage settlement?

MR. CRAWFORD:

Well, I think it's important, Mr. Speaker, to emphasize that what is really happening is that the board is allocating the funds and whatever amount they allocate toward wages is the amount they allocate toward wages. Therefore, that affects the amount of money they have for the balance of their operation. It's really something they have to do themselves.

MR. NOTLEY:

One final supplementary question, Mr. Speaker. Can the minister advise whether or not the commission has finalized the grant or the moneys voted under that appropriation to the Royal Alexandra Hospital?

MR. CRAWFORD:

I can't speak specifically of the Royal Alexandra Hospital for its 1973-74 budget, offhand, Mr. Speaker, but my understanding is that all hospitals in the province have received a firm indication from the Hospital Services Commission as to the amount they might expect by way of a global budget for this year.

MR. HENDERSON:

May I ask just one further supplementary, in that it's a matter with some urgency attached to it? Just a clarification to the minister, has the commission sent out any general guidelines to the hospital boards in the province relative to what they think would be an appropriate level of wage settlements?

MR. CRAWFORD:

Mr. Speaker, I don't specifically know the answer to that question, but my almost certain response would be that they would not have done that.

MR. SPEAKER:

The hon. Member for Calgary Mountain View, followed by the hon. Member for Olds-Didsbury.

Bighorn Dam

MR. LUDWIG:

Mr. Speaker, you will recall that last week I placed a question to the Minister of Consumer Affairs and the Minister of Lands and Forests concerning the Bighorn Dam and tourist facilities, and I was referred to the Minister of the Environment. I would now like to place a question along those lines to the Minister of the Environment. Are there any tourist facilities planned in the vicinity of the Bighorn Dam?

MR. YURKO:

Mr. Speaker, there are a number being planned but none have received approval. They are all being held pending the eastern slope hearings.

MR. LUDWIG:

When can we expect the Bighorn Dam to be filled to capacity with water?

MR. YURKO:

As a matter of fact I think it was filled to capacity during the latter part of last year.

MR. LUDWIG:

Mr. Speaker, that is a question I posed to the other ministers. Will there be any restrictions placed on the Bighorn Dam itself in regard to boating and recreational use?

MR. YURKO:

Initially, a water reservation around the reservoir was placed because of bank instability. Thus far there is no intent immediately to give any clearances in regard to houseboating or any type of boating on the reservoir pending further studies.

MR. LUDWIG:

Will boat-launching facilities be provided at the approaches to the lake?

MR. YURKO:

This is a matter under consideration, Mr. Speaker.

MR. LUDWIG:

One last supplementary question, Mr. Speaker. When you stated there will be no permits granted for use of the lake as a recreational facility, is this to individuals or to people who set up a business on the lake?

MR. YURKO:

I think I should clarify what the hon. member said, or clarify his question really. What I did say was that there are no initial permits or no permits contemplated at this time. That doesn't mean to say that after a study with respect to the stability of the banks and so forth, in fact permits will not be given in the future for boating on the reservoir at certain times of the year. But this will await a certain amount of study.

MR. SPEAKER:

The hon. Member for Olds-Didsbury followed by the hon. Member for Calgary Bow.

City of Edmonton Tax Assessment

MR. CLARK:

Mr. Speaker, I would like to direct my question to the Minister of Municipal Affairs and ask the minister to outline briefly to the House the results of the joint meeting held between the City of Edmonton, the Edmonton Public and Separate School Boards, the Edmonton MLAs and the minister regarding the question of equalized assessment, the 36 per cent increase in the City of Edmonton.

MR. RUSSELL:

Yes, Mr. Speaker, the delegates from the Edmonton area used the time essentially to present their case and to explain their concerns by way of specific statistical data. In that regard we decided that the data they were presenting could be added to and probably was not complete and all of the groups that were there offered to supply additional supporting data. As a matter of fact, since then we have heard from the two school boards. I understand that the three Edmonton groups are meeting again this Thursday and we expect to report progress back to each other after we have each had a chance to consider one another's viewpoints.

MR. CLARK:

Supplementary question to the minister, Mr. Speaker. Mr. Speaker, does the minister anticipate giving a progress report and hopefully a final answer to the Edmonton municipalities prior to their meeting this Thursday, May 3?

MR. RUSSELL:

I don't know if we'll be able to reach that deadline, Mr. Speaker. Certainly we did give them the commitment that we appreciated the urgency of this and its importance to them, outlined certain steps which they could take

now without waiting for us if they so wished and offered as a provincial government to go back and study the provincial aspects of it.

However, it is important to emphasize one thing. This is a City of Edmonton assessment. It's a mill rate being set by the Edmonton City Council and there is a limited degree of assistance that jurisdictionally the province should logically give to one municipality in the province.

MR. CLARK:

Mr. Speaker, following along with another supplementary question, to the minister. In light of the great amount of concern Edmontonians have expressed in this matter, would the minister give favourable consideration to making it possible for the local governments in Edmonton to come before a committee of the Legislature, one of the standing committees, and present their case to the members of that committee?

MR. RUSSELL:

Well, thus far, Mr. Speaker, Edmonton officials seem quite satisfied with dealing with MLAs who represent the City of Edmonton. We have acceded to those requests and certainly if additional meetings are requested I would assume that they would happen. The basic problem here, of course, lies in trying to cope effectively in a fair and equitable manner with a weakness that is built into the existing system and that is what happens in the eight-year cycle due to reassessment. It is really that simple.

MR. CLARK:

Mr. Speaker, one final supplementary question. Mr. Minister, is it true that officials of the City of Edmonton have been meeting with you and officials of your department on this particular matter for at least three months?

MR. RUSSELL:

I don't know if it goes back three months, Mr. Speaker, it is probably closer to three weeks when I received the first letter from His Worship Mayor Dent. Following that we did arrange for department officials to meet with city officials and explain the situation to them. There was a covering letter and a report following that meeting which went to His Worship in which I indicated that after he had a chance to assess the information we gave him, if he wished a meeting we would be glad to meet at his convenience and that meeting took place Friday morning.

MR. CLARK:

Mr. Speaker, just to clarify the Minister's answer. Mr. Minister, are you saying that the City of Edmonton made no representation to you prior to three weeks ago?

MR. SPEAKER:

Would the hon. member please address his question to the Chair?

MR. CLARK:

Mr. Speaker, to clarify the minister's answer, is the minister saying that he has not had any request from the City of Edmonton or meetings with the City of Edmonton prior to three weeks ago on this matter?

MR. RUSSELL:

Well, Mr. Speaker, subject to the hon. member allowing me to go back to the file and get the specific letter, my recollection is that it is in the neighbourhood of three or four weeks ago that the letter dealing with the specific impact on the City of Edmonton as a result of reassessment goes back about that far.

MR. CLARK:

Mr. Speaker, were their prior discussions between the minister and responsible officials from the city, rather than just a letter before three weeks ago?

MR. SPEAKER:

Since the hon. minister will be checking his file with regard to the other question, possibly he might be given an opportunity to check it in this regard as well.

The hon. Member for Calgary Bow, followed by the hon. Member for Wainwright.

Calgary General Hospital

MR. WILSON:

Mr. Speaker, I would like to direct a question to the hon. Minister of Health and Social Development. Has the minister's department set a date for completing the purchase of the Calgary General Hospital?

MR. CRAWFORD:

Mr. Speaker, I think I have reported to the House from time to time that discussions have been going on between the City of Calgary on an intermittent -- I won't say annual but intermittent -- basis for the last three or four years I think. The present situation is that the Hospital Services Commission is again examining the suitability of going through with that particular transaction. No conclusion has been reached.

MR. WILSON:

Supplementary, Mr. Speaker. Does the government plan any major administrative or staff changes when the purchase is completed?

Colonel Belcher Hospital

MR. DIXON:

Supplementary question, Mr. Speaker, to the minister. Have you had any recent negotiations with the federal government regarding the Colonel Belcher Hospital in Calgary?

MR. CRAWFORD:

Mr. Speaker, once again the situation is that there are several aspects to that, not all of which are easily resolved. The one I recall to mind first always is that the Calgary Branch of the Royal Canadian Legion had some serious doubts about whether or not the Colonel Belcher Hospital should cease to be under the jurisdiction of the Department of Veterans' Affairs. Although there would be many advantages to the province and to the federal government as a government to proceed with rationalizing of the available space and facilities in the Colonel Belcher Hospital and there are some uses it could be put to. It's intended that the matter not be rushed, although I think in the final analysis a satisfactory arrangement can be made, but not without regard to the concerns that have been expressed.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. Minister of Health and Social Development. Can the minister advise briefly what the problems are preventing the completion of the sale of the Calgary General Hospital to the province?

MR. CRAWFORD:

Mr. Speaker, I don't think that is the sort of question that can usefully be answered before it has been concluded as between the parties.

MR. WILSON:

A supplementary, Mr. Speaker. Can the minister advise, does the government feel the \$1 purchase price exorbitant?

MR. SPEAKER:

Surely the hon. member's question is included in the previous comment made by the minister.

The hon. Member for Wainwright, followed by the hon. Member for Lethbridge East.

Grain Quotas

MR. RUSTE:

Mr. Speaker, my question is to the Minister of Agriculture. In view of the announcement today by the Canadian Wheat Board of open delivery quotas for wheat and other grains in 22 blocks, will the minister consider making representations to the federal government to have payment deferred until 1974, even though the grain is delivered this year when needed?

DR. HORNER:

Mr. Speaker, I would like to make several representations to the Canadian Wheat Board not only in regard to the question of the open quotas and the deferment of payment. I would suggest to the hon. member and to farmers throughout Alberta that the averaging provisions of The Income Tax Act still apply and therefore I don't really see any advantage in that.

I will be making representations with regard to the continuing need for new regulations from the Canadian Wheat Board so that we can process more of the grain we produce here in Alberta and process it here, and at the same time, Mr. Speaker, ask Mr. Lang if he won't return to the farmers of Alberta about \$15 million that's owing them from the barley pools.

MR. RUSTE:

A supplementary question to the minister. I was referring to representations to the federal government. But my supplementary question is, has he had any representation from the Palliser Wheat Growers or any other organization regarding this matter?

DR. HORNER:

I have been in fairly constant communication with the Palliser Wheat Growers, Mr. Speaker, particularly so because the Palliser Wheat Growers consider the Government of Alberta the only one heading in the same direction as they are. Therefore, it's been quite easy to work with the Palliser Wheat Growers in making these representations.

MR. SPEAKER:

The hon. Member for Lethbridge East, followed by the hon. Member for Drumheller.

Pincher Creek Parkland

MR. ANDERSON:

Mr. Speaker, my question is to the Minister of Environment. Is the Minister of the Environment considering the purchase of 9,000 acres of parkland 11 miles southwest of Pincher Creek to prevent it from being purchased by foreign investments?

MR. YURKO:

No, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Drumheller, followed by the hon. Member for Spirit River-Fairview.

Marijuana Research

MR. TAYLOR:

Thank you, Mr. Speaker. My question is the hon. Minister of Health and Social Development. Has the hon. minister had the opportunity of looking into the extent of the use of marijuana in the province which he advised previously he was going to check?

MR. CRAWFORD:

Mr. Speaker, I hope the hon. member will accommodate me to the extent of allowing me an additional day. I was out of the province much of last week because of the federal-provincial conference. I will look into that for him.

MR. BENOIT:

A supplementary, Mr. Speaker. Would you investigate, if you haven't already done so, the --

MR. SPEAKER:

Would the hon. member please address his question to the Chair.

MR. BENOIT:

Mr. Speaker, would the hon. minister also investigate whether he has added the subject of methaqualone?

MR. CRAWFORD:

Yes, Mr. Speaker. I want to thank the hon. member for providing me with the spelling of it the other day. I will look into that.

MR. SPEAKER:

The hon. Member for Spirit River-Fairview, followed by the hon. Member for Vermilion-Viking.

Welfare Conference

MR. NOTLEY:

Mr. Speaker, I would like to direct this question to the hon. Minister of Health and Social Development. Does the minister plan to bring a report on last week's federal-provincial conference to this Legislature?

MR. CRAWFORD:

I had not specifically determined, Mr. Speaker, to report on the matter as such. It is something that I would be glad to consider making a statement on, or I may be able to make some reference in the not too distant future in a debate.

MR. NOTLEY:

Mr. Speaker, a supplementary question. Can the hon. minister advise the Assembly what the official position is of the government with respect to the Lalonde proposal to increase family allowances to \$20 per month?

MR. CRAWFORD:

Mr. Speaker, I indicated to the conference that the Government of Alberta would respond favourably to that initiative of the federal government.

MR. NOTLEY:

A supplementary question, Mr. Speaker. In view of the minister's statement to the conference opposing a guaranteed annual income, what is the government's official position on the philosophy that the government should be the employer of the last resort?

MR. SPEAKER:

This is a question which could be of considerable scope. If the minister feels it may be answered briefly, it could be included in the question period.

MR. CRAWFORD:

Mr. Speaker, I will be brief. I think the question of the government being an employer of last resort is a broad question of principle and policy. I know that some governments in Canada are tending in that direction at the present time. At this point we have not adopted the same view.

MR. NOTLEY:

A final supplementary question, Mr. Speaker. In the position paper the government talks about a socially acceptable level of income. Can the minister advise the Assembly what the government means by a "socially acceptable level"? Is there a specific figure which would mean a substantial increase in present benefits under programs available?

MR. CRAWFORD:

Mr. Speaker, I suppose if there were a specific figure that could be easily turned out, we would have put that in the position paper instead of the other reference there was to it. I would draw the attention of hon. members to the fact that we have the citizens of 65 and up at the present time who do, in fact have, between a couple say, \$325 a month income.

I think that "socially acceptable" is something that you have to relate to existing policies of government because when you take together the policies of the federal and provincial governments, you do get the reflection of what a "socially acceptable level" is in the minds of the elected representatives at that point; and as well, the changing factors that go into it each year. So it seemed to me that the Parliament of Canada at least has arrived at the conclusion that something in that area for senior citizens is adequate.

The only other thing I want to add, Mr. Speaker, is that my reaction at all times has been that when you get to talking about acceptable levels, for those other than the specifically selected group of 65 years of age and up, it would take quite a lot of convincing to persuade, I think -- speaking for myself and for the Government of Alberta -- to persuade us that this area of assurance of a basic income should be spread very far beyond the areas where it exists at the present time.

MR. SPEAKER:

The hon. Member for Vermilion-Viking, followed by the hon. Member for Calgary Bow.

Highway Environmental Studies

MR. COOPER:

Mr. Speaker, my question is directed to the hon. Minister of Highways and Transport. Mr. Speaker, is the Department of Highways taking active steps to ensure that any plans to upgrade several miles of the Trans-Canada Highway near Banff are preceded by a full and complete environmental impact studies?

MR. COPITHORNE:

Mr. Speaker, the part of the upgrading of the Trans-Canada Highway within the national park boundaries comes under the jurisdiction of the department of national parks and the federal government. We, as a province, actually have not had any input into that particular project.

MR. COOPER:

A supplemental to the minister, Mr. Speaker. Will the hon. minister request the federal government to schedule public hearings so they may become aware of the public's views and needs on this particular subject?

MR. COPITHORNE:

Mr. Speaker, the Department of Highways has taken the position that it is necessary for the development of a four lane highway in that area to disperse the heavy traffic that is going through the national parks. This position is also taken because of the fact that it is a national transportation corridor for all of Canada. It carries a very heavy traffic load to the park gate and then it is narrowed down to the single lane and in the heavy tourist season when many people from all over North America are enjoying our national parks, our roads in that area are inadequate to supply a proper dispersion of traffic as a national corridor and does not disperse the traffic of those people who are trying to enjoy our national parks.

MR. SPEAKER:

The hon. Member for Calgary Bow, followed by the hon. Member for Olds-Didsbury.

Tips and Gratuities

MR. WILSON:

Mr. Speaker, I'd like to address a question to the hon. Minister of Manpower and Labour. Can the minister advise if it is the intention of the

government to introduce legislation forbidding employers from collecting a percentage of their employees' tips and gratuities?

DR. HOHOL:

Mr. Speaker, in view of the fact that second reading of The Labour Act is imminent I would suggest if it is agreeable with members that all questions be dealt with very shortly in second reading of the bill.

MR. WILSON:

A supplementary, Mr. Speaker. Can the minister advise if the government has a position on this topic, and if so, what is it?

MR. SPEAKER:

It would appear to be indicated by the minister that he is prepared to deal with the matter fully on second reading and possibly in committee stage of the bill. I would suggest that the hon. member's question infringes on the rule against anticipation.

The hon. Member for Olds-Didsbury, followed by the hon. Member for Vegreville.

Mine Site No. 9

MR. CLARK:

Mr. Speaker, my question is a followup question to one I asked the Acting Minister of the Environment on Friday with regard to the approval of McIntyre Porcupine received to go ahead on mine site No. 9.

To the Minister of the Environment. Mr. Minister is it true this is in the eastern slopes area on which the Environmental Conservation Authority is holding hearings on this summer?

MR. YURKO:

Yes, Mr. Speaker, it's within that area.

MR. CLARK:

Mr. Speaker, a supplementary question to the minister. What disposition of public lands by other organizations has been resolved with the government's attitude in that area? Or how has the government dealt with other requests for permanent disposition of land in the eastern slopes in the last year?

MR. YURKO:

Mr. Speaker, not all projects were halted within the eastern slopes awaiting the hearings, the massive hearings which are planned and are going to be held and should have been held within the last 15 or 20 years.

A cement plant on the Canmore corridor has been permitted to go ahead, a lease was consummated with the Stony Indian tribe in the area of the Big Horn Reservoir in terms of establishing a historical and religious site for the Stony Band. The No. 9 mine was recognized as a problem of considerable magnitude and immediacy so it is, in fact, permitted to go ahead. And I just want to stress that not all projects were necessarily stopped. Some were, in fact, permitted to go ahead and these are permitted on the basis of prior negotiation and the immediacy of the project.

MR. CLARK:

A supplementary question to the minister, Mr. Speaker. Mr. Minister, have you received representation from the Alberta Fish and Game Association concerning the government decision to make permanent disposition of several projects in the eastern slopes area in light of the hearings, once again?

MR. YURKO:

If the question is with respect to the specific hearings held on the No. 9 mine, I haven't had an opportunity to go through all my mail. But I would like to inform the House that as far as the No. 9 mine is concerned, it received a permit from the Energy Resources Conservation Board in regards to The Coal Mines Regulation Act. It also received a permit to construct with respect to surface

drainage from the Department of the Environment. The No. 9 mine or McIntyre Porcupine has not as yet received the lease from the Department of Lands and Forests in regard to the mine. However, I believe it has had permission to go ahead with respect to the road.

While I'm on my feet, Mr. Speaker, a number of questions were asked I believe on Friday which the hon. Dr. Warrack indicated that he would look into. One was with respect to the hearings, and the initial notice of hearings was published by the Energy Resources Conservation Board on March 1, 1973 and the hearings were held in Grande Prairie on April 3. So I don't know where the idea of ten days notice originated.

With respect to filing submissions, these are filed, of course, by any interveners with the Energy Resources Conservation Board in Calgary. Once filed they become public knowledge and are available to other interveners. I might also say that hearings are held on projects such as these by virtue of government policy rather than by virtue of legislative requirement.

MR. CLARK:

One last supplementary question to the minister. Mr. Minister have you received --

MR. SPEAKER:

Would the hon. member please phrase his questions in the third person?

MR. CLARK:

Mr. Speaker, I would like to ask the minister if he has received representations from the Alberta Fish and Game Association concerning the specific project mine site No. 9, since the decision has been made to go ahead?

MR. YURKO:

As I indicated, Mr. Speaker, I haven't had an opportunity to read all my mail. Perhaps there is some sort of letter from Alberta Fish and Game. I don't know if such a letter were delivered to my office.

MR. SPEAKER:

The hon. Member for Vegreville, followed by the hon. Member for Drumheller.

Banning of DES

MR. BATHUK:

Mr. Speaker, my question is directed to the hon. Minister of Agriculture. Would the minister be able to tell this House whether diethylstilbestrol, a food supplement for cattle, has been banned?

DR. HORNER:

Mr. Speaker, the final stages in the DES situation were, I believe, that the United States government has now withdrawn permission to use implants as well as use the feed additives. Prior to this, they had banned the use of additives but allowed the implants. It is my understanding and information as of Friday last, they banned the use of implants as well. This means that both Canada and the United States are on a similar basis with regard to the banning of DES.

MR. SPEAKER:

The hon. Member for Drumheller.

Mandatory Sprinkler Systems

MR. TAYLOR:

Thank you, Mr. Speaker. My question is to the hon. Minister of Manpower and Labour. Is the government planning to pass regulations making sprinkler systems mandatory in all new highrise apartments in the province?

DR. HOHOL:

Mr. Speaker, I should like to give this information. It is the intention of the government to introduce a uniform building standards act for Alberta during the spring sitting of the Legislature, then to hold it over to the fall to encourage response, and I know we will get a great deal from concerned and involved people such as contractors, municipal councillors and so on. One of the considerations in the regulation will be the matter of the nature and extent of the use of the sprinkler system.

MR. SPEAKER:

Supplementary? The hon. Member for Calgary Millican.

The Amusements Act

MR. DIXON:

Mr. Speaker, I would like to direct my question today to the Minister of Culture, Youth and Recreation. It is regarding Bill No. 28 and the repeal of that Act, of The Amusements Act. I was wondering what does the government plan to do with people who owe accounts that have not been paid yet? Is it the government's plan to write off the outstanding accounts?

MR. SCHMID:

Mr. Speaker, of course while a law is in force, the law has to be complied with and naturally we expect to collect the outstanding amounts from organizations that have up to now not paid.

MR. SPEAKER:

The hon. Member for Spirit River-Fairview.

Crump Report

MR. NOTLEY:

Mr. Speaker, I would like to direct this question to the hon. Premier and it follows up from the discussion of No. 9 mine. My question, Mr. Speaker, to the Premier is, has he ascertained yet when the Crump Commission would be reporting?

MR. LOUGHEED:

Yes, Mr. Speaker, I understand that they are reviewing their target date with regard to a report this summer. They are concerned with the magnitude of the terms of reference they have received and I do believe they are going to be somewhat delayed in terms of the report relative to the original timing.

ORDERS OF THE DAY

MINISTERIAL ANNOUNCEMENTS

MR. FARRAN:

Mr. Speaker, I have pleasure today in making a major announcement on behalf of the government concerning rural gas contained in Position Paper No. 11, Rural Gas Policy for Albertans.

Mr. Speaker, this is a policy on which foundations were laid by my predecessor, the late hon. Len Werry, last year.

The Progressive Conservative party of Alberta, in its paper New Directions for Alberta, 1971, undertook to expand the provision for natural gas to Alberta farms at reasonable cost. This commitment accorded with the general conclusion that the Alberta economy should be diversified, that it was in the public interest to improve the economic viability of smaller centres, and that the family farm should be preserved. All Albertans, including those in rural Alberta, deserve a fair share of the benefits enjoyed by the people of this province from their ownership of natural resources.

This is a summary, Mr. Speaker, of the main recommendations contained in the paper. Perhaps I should say, before I read this summary, that although 79

per cent of Alberta households now enjoy service from natural gas, a further 21 per cent remain to be served. This unserved portion is estimated to include some 40,000 family farms and up to 42,000 households in small towns, villages and hamlets.

These are the main recommendations:

1. That every effort should be made to reach with natural gas as many as possible of the one-fifth of Albertans who do not at present enjoy the same benefits from this clean, cheap and convenient fuel as do other Albertans. This will not only bring greater equality in living standards between all Albertans who own our natural resources, but will facilitate diversification of the rural economy and strengthening of the family farm.

2. That the Province of Alberta assist from general revenues a maximum of \$1,300 per farm consumer for those whose per customer costs are between \$1,700 and \$3,000.

The farmer would be responsible for his costs up to \$1,700 -- I'll explain in a minute how this can largely be covered by a guaranteed loan -- above that level there would be assistance from the province. This contribution would, in effect, equalize to some extent the opportunity for natural gas which is no longer possible for equalization of town and country gas rates.

3. This recommendation assumes that it is viable for a rural consumer to convert from propane at 14 cents a gallon to gas at 50 cents per mcf or less for a per consumer capital cost of \$1,700. This per consumer cost of \$1,700 can in all, or in part, be financed directly to farmers by guaranteed loans of 85 per cent over 15 years through the Co-op Activities Branch of the Department of Agriculture. The going rate is one per cent over prime. It could also be contributed by private utility companies as part of a capital rate base on which they could make an approved rate of return through the gas rates.

4. That three-tenths of the provincial assistance be termed by-pass grants and be recoverable from those who join later but decline service in the beginning. Of this sum, one-third would be retained by the gas distributor, the co-operative, as an incentive in-fill.

5. That when a gas franchise holder extends his service area to serve more customers, the new customer will be required to pay one-sixth of the required extra per consumer sum as an incentive into the co-operative to extend its service.

6. That a government gas broker buy and sell gas at reasonable price to rural gas distributors.

7. That franchise boundaries be allotted according to these criteria:
(a) a financial per consumer investment limit of \$3,000 if 80 per cent of potential consumers are served,
(b) of municipal boundaries and
(c) of natural obstacles.

8. That a service area within a franchised boundary may be allowed to commence distributing gas if it can be demonstrated that:

- (a) insufficient customers outside the service area have agreed to accept gas, and
- (b) that at least 66 2/3 per cent of the widest service area possible have agreed to accept gas, and
- (c) that documentary refusals to accept gas have been produced from the balance of the dissenting subscribers.

9. That a grant of 40 per cent of the cost of the tank to a maximum of \$250 be paid to propane and fuel oil users who are located beyond the limit to which gas can be delivered at a per consumer cost of \$3,000.

10. That annual grants of \$15,000 each be made on a county basis -- a county includes municipal districts, improvement districts and special areas -- to cover the costs of expert advice in the area of design, standards, inspection and billing where substantial gas distribution systems are operating.

This grant is aimed at covering the salary and expenses of a utilities coordinator who would also assist in rural electrification matters in all these counties and municipal districts.

Priority for employment would be stressed for rural Albertans with experience as propane dealers. However a county or municipal district could

choose to use a grant for services offered by private utility companies on a fee-for-service basis.

Mr. Speaker, this is a major government policy; it involves capital costs amounting to some \$116 million over the years to come. We believe it will lead to the enjoyment of the benefits of natural gas by almost all Albertans. The paper will be followed by legislation in the fall, but upon the announcement of the plan today many of the waiting co-operatives, many of the individuals who have been waiting for gas, will have the guidelines under which they can proceed. Thank you, Mr. Speaker.

MR. DIXON:

Mr. Speaker, a point of clarification to the hon. minister. Is this plan going to be --

MR. SPEAKER:

Questions at a time like this are possibly irregular. Perhaps the hon. member, after having seen the position paper, might wish to revert to it during the question period tomorrow.

MR. DIXON:

Mr. Speaker, in all deference, I believe that the rules call that if someone -- a recognized person from the other side of the House is allowed to answer, not to rebut an argument, as the hon. minister is saying, instead of asking a question I would just say --

DR. HORNER:

Only the Leader of the Opposition.

MR. DIXON:

No, it's not limited just to the Leader of the Opposition.

[Interjections]

MR. SPEAKER:

Order, please. The hon. member is perhaps referring to a custom which is referred to as Citation 91 of Beauchesne. It is the understanding of the Chair that this is limited to the leaders of recognized groups within the House and that would mean the hon. Leader of the Opposition.

MR. DIXON:

Mr. Speaker, I think, though, if you do a little further research you will see that it is either the Leader of the Opposition or a recognized spokesman for the party, if the Leader of the Opposition does not wish to. Anyway, you and I can discuss that, Mr. Speaker, but if the hon. minister doesn't wish to clarify the point I will be patient and wait until the thing comes before the House at a more opportune time.

MR. SPEAKER:

It is true that in Ottawa certainly in the absence of the Leader of the Opposition -- and I don't know whether he is present when you can't tell from Hansard -- sometimes someone who is delegated by him does comment on the matter. And if the hon. member has been delegated by the hon. Leader of the Opposition to deal with the matter, perhaps we could hear what he has to say.

MR. HENDERSON:

Mr. Speaker, I would be pleased to delegate the hon. Member for Calgary Millican to pursue the matter further at this time.

DR. HORNER:

A point of order, Mr. Speaker. You are now creating a precedent because it was the ruling of your predecessor in the Chair, who is now bringing up the matter. I specifically raised it in the previous Parliament and was told by the previous Speaker that the only one who could comment on policy statements by the government side was, in fact, the Leader of the Opposition.

MR. HENDERSON:

I think this debate has taken place earlier in this session. The last time it came up I was using that argument from this side of the House and at that time I believe the Speaker pointed out that in the absence of Hansard it was difficult to be bound by previous experiences and practices in this House because of the absence of Hansard, and the Speaker not being a clairvoyant, wasn't really in the position to know precisely as to what took place previously in this House. So I therefore suggest the point of order raised by the Deputy Premier on the point of order is out of order.

SOME HON. MEMBERS:

Agreed.

MR. SPEAKER:

I must say that in addition to not being a clairvoyant I have a notoriously bad memory. I am unaware of any reported precedent and it is going to be extremely difficult if the Speaker is expected to refer to precedents which are not recorded and which rely for their content and nature on the memories of members who have been in the House for a longer time.

MR. DIXON:

Mr. Speaker, I think you made the point that I was going to make but I would like for the information of the hon. the Deputy Premier -- I think if there were a Hansard and if his memory were a little bit better, he would know that I distinctly said "either the Leader of the Opposition or a recognized member of the party speaking on behalf of the member."

DP. HORNER:

Don't quote me.

MR. DIXON:

I am sure that --

DR. HORNER:

Pure baloney.

MR. HENDERSON:

Is that a point of order from the Deputy Premier, Mr. Speaker?

MR. SPEAKER:

Possibly we might circumvent further difficulties by reverting to the business in hand.

SOME HON. MEMBERS:

Agreed.

AN HON. MEMBER:

You raised a question.

MR. DIXON:

Well, Mr. Speaker, my clarification --

SOME HON. MEMBERS:

Order, order.

DR. HORNER:

On a point of order, Mr. Speaker. I am not depending entirely on memory. I think that in a perusal of the Journals of this Legislature we will find the ruling by the previous Speaker. As a matter of fact, it was clearly pointed out, as was pointed out at the time in the Journals that the practice in Ottawa of course was different because they had a number of parties there --

MR. HENDERSON:

Mr. Speaker, he is debating --

MR. SPEAKER:

Order please. The hon. Deputy Premier --

[Interjections]

Order please. The hon. Deputy Premier is discussing the point of order.

DR. HORNER:

Mr. Speaker, if we are going to have a new set of rules then I think we should be clear what we are talking about in relation to the precedent we are setting. The practice in this House up until now, which as I say I think can be backed up by a perusal of the Journals of the House, was that the only one who was able to comment in regard to a government statement, was the Leader of the Opposition. There were no ifs, ands, or buts about that. Because the practice in Ottawa has grown up differently doesn't preclude or necessarily change our rules on the whim of the hon. Member for Calgary Millican.

MR. HENDERSON:

Speaking to the point of order, Mr. Speaker, I quite appreciate that the Deputy Premier is entitled to his opinion and that is all he is stating, because I think if you will check the Votes and Proceedings we are not in the habit of putting the Speaker's rulings in the Votes and Proceedings. So I suggest, Mr. Speaker, that the point of order raised by the Deputy Premier once again is somewhat irrelevant to the basic argument that was presented earlier on the matter.

DR. HORNER:

Come off it.

MR. HENDERSON:

Well, Mr. Speaker, the tapes were not a Hansard that constituted an official transcript of the proceedings in the House. They were there for the convenience of members and so forth, but if that is to be the point raised in this particular case, I suggest we go back and have the eight years of tapes transcribed and made into official documents so they would be of some use to the members of the House. But failing that, I suggest that the point raised by the Deputy Premier is out of order.

DR. HORNER:

Well, Mr. Speaker, I --

MR. SPEAKER:

Could we hear from the hon. Member for Spirit River-Fairview?

MR. NOTLEY:

Speaking to the point of order, as you recall, Mr. Speaker, this matter was raised last year. The rules, if I recall them correctly, say that the Leader of the Opposition or leader of recognized groups have the right. And if you recall also, Mr. Speaker, one of the matters of some discussion last session was whether or not the hon. Member for Spirit River-Fairview constituted a group or not. It was decided, if the hon. Deputy Premier recalls, that I didn't. However, I think the rules, if we recall them, say the leader of recognized groups.

MR. TAYLOR:

On the point of order, I would like to suggest that you have already ruled; consequently the point of order is out of order entirely. Secondly, I would like to suggest that all the hon. member wants to do is ask a question for clarification. What's the government trying to hide?

DR. HORNER:

Mr. Speaker, the hon. Member for Drumheller again is trying to distort the situation by throwing in the imputation that somebody is --

MR. SPEAKER:

Order.

DR. HORNER:

I very strenuously object to his trying to do that kind of thing continually in this House. He is a master of distortion, we all know.

MR. SPEAKER:

Order please. With all due respect I must ask the hon. Deputy Premier to reconsider the phrase he has just used.

MR. LUDWIG:

Mr. Speaker --

MR. SPEAKER:

Order please. Would the hon. member please resume his seat. The hon. Deputy Premier has the floor.

DR. HORNER:

Mr. Speaker, I would be pleased to withdraw the word "distortion" as it extends to the intent that he deliberately tries to mislead the House. But to suggest for a moment that we were trying to hide something when it's pretty obvious that the hon. gentlemen opposite have all kinds of opportunity in the question period tomorrow -- for heaven's sake, Mr. Speaker, they haven't even had time to read the policy paper yet so they can't ask an intelligent question anyway.

MR. LUDWIG:

Mr. Speaker, in speaking to the point of order I believe that before the hon. Deputy Premier's views can prevail he should come up with some more reliable evidence or authority than his own opinion which has not always been too weighty or accurate in this House. I think by his own admission he should, perhaps, peddle his chief stock in trade, baloney, outside this House and not try to influence a decision of the Speaker with what he thinks happened years ago and doesn't know at all. This is utter nonsense and the Deputy Premier is merely trying to impose his will. He has no authority nor [has he] a good memory. I think we should disregard him and permit the hon. Member for Calgary Millican to ask his question. It's not a serious matter and if the Deputy Premier gets up and tries to confuse the issue, at which he is an expert because he can confuse anything if he tries hard enough, and then wants the Speaker to rely on it, I think we should not permit a thing like that to happen, Mr. Speaker.

DR. HORNER:

Mr. Speaker, on the final point of order if I might --

MR. LUDWIG:

What final point of order?

DR. HORNER:

Well, a final approach to the point of order. If I could ask Your Honour to give some consideration to the points I have raised and to review Hansard of last year when this point was discussed, as the hon. Member for Spirit River-Fairview has properly brought out, that this matter was discussed at the last session of the Legislature and is in Hansard. I would ask Your Honour to rule after having considered the Hansard of last year and the arguments that have been made.

MR. HENDERSON:

Speaking to the point of order, Mr. Speaker. I am glad to see the Deputy Premier is catching up. Before he had it prior to 1971 and now he has leapt to last year. I believe we have had a debate this year already, Mr. Speaker.

But to return to the point of order. I was certainly under the impression that the Chair had already ruled that if the Leader of the Opposition cared to delegate the privilege to one of the members here that I had the privilege of doing so. I rose in my place and delegated the Member for Calgary Millican, Mr. Dixon, to speak on my behalf in asking the question he wanted to place. I think the point of order is not a point of order but a challenge to the ruling of the Chair, Mr. Speaker, on the part of the Deputy Premier.

Before the debate goes further, I think the Chair should clarify the confusion as to whether his earlier statement was a ruling on the subject or just what it was.

MR. POSTER:

Mr. Speaker, speaking to the point of order I would like to add one further comment and that is that Rule 91 specifically says, "Leader of the Opposition or the Chiefs of recognized groups. . ." The rule, Mr. Speaker, does not say, any member of the opposition or a member of the official opposition, or anyone appointed by the Leader of the Opposition. It says specifically, "The Leader of the Opposition or the Chiefs of recognized groups. . ." I would respectfully suggest, Mr. Speaker, that it is very precise and very definite and therefore very clear that the only person who can respond is, in fact, the Leader of the Opposition. If he chooses not to do so, of course, that is his privilege.

MR. HENDERSON:

Mr. Speaker, could I just comment very briefly on the proposition that was just presented? If that were the case, Mr. Speaker, and the ruling was that literal, in the absence of the Leader of the Opposition from this House for very good reasons, [if] government were to make a major statement on which it was in the public interest to respond, that the opposition in total would be silenced simply because of this technicality. I therefore suggest that the ruling is not to be taken as relevant to this particular occasion.

MR. SPEAKER:

Now if we may clarify the matter, the hon. Member for Calgary Millican started by wishing to ask a question. I don't recall exactly what I said in that regard, but I believe I said this was not an occasion for asking questions. I did, however, say that if he were for the moment acting as the delegate and thereby possibly being, with regard to this particular subject matter, the recognized leader of a recognized group at the moment that he might comment on the statement made by the hon. Minister of Utilities and Telephones.

However, in view of the subsequent comments by the hon. Deputy Premier, I would respectfully suggest to the House that the leave given to the hon. Member for Calgary Millican to make his comment if he wishes, be not taken as a precedent.

I would also welcome the hon. Deputy Premier possibly referring me to the place in Votes and Proceedings where the precedent to which he has referred occurred, because in the absence of a record it is difficult to give effect to it.

So the present situation is that the hon. Member for Calgary Millican, if he wishes, as the delegate or representative of the hon. Leader of the Opposition, to comment on the statement, he may, without creating a precedent, do so. But if he wishes to ask a question, I would respectfully suggest that he defer that until tomorrow afternoon after which time he will also have had a chance to have read the position paper.

MR. DIXON:

Mr. Speaker, I do just wish a point of clarification then, if it will make it that much easier. Does this include --

MR. SPEAKER:

Order please. The hon. member is again asking his question. May I again suggest that he save that until some subsequent question period that he may wish to use.

SOME HON. MEMBERS:

Agreed.

MR. DIXON:

Mr. Speaker, in order that I can get your ruling straight, hon. Speaker, can I make a statement then?

MR. SPEAKER:

That is what I thought I had said. If the hon. member wished to comment he might do so, but a question would be out of order at this time.

MR. DIXON:

Mr. Speaker, my statement is this: I believe that the program offered by the government and through the hon. Minister of Telephones and Utilities has left a wide gap. There has been no mention in his talk of what is going to happen to people who aren't bona fide farmers. The concern naturally is that there are thousands of people who live in the rural areas who are not bona fide farmers who feel they wouldn't be entitled to the government assistance -- if he is limiting it to bona fide farmers.

My concern is this: there are a lot of people in my own constituency, and in many others, who would be denied the assistance. These are people I am concerned about. I was wondering if this was a point that I could bring to the hon. minister's attention, Mr. Speaker?

MR. FARRAN:

Mr. Speaker, I would be happy to respond to that tomorrow in the question period.

[Mr. Speaker left the Chair.]

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COMMITTEE OF SUPPLY

[Mr. Diachuk in the Chair.]

MR. CHAIRMAN:

The Committee of Supply will come to order.

Department of Municipal Affairs (Cont.)

Assessment

Appropriation No. 2106 Alberta Assessment Appeal Board (Cont.)

MR. HENDERSON:

Mr. Chairman, at the time of adjournment last Friday, I was asking the Minister of Municipal Affairs to outline to the House who, in the final analysis, was responsible for seeing that the equalized assessment figures that are produced by the Department of Municipal Affairs -- which are used, in turn, for foundation plan purposes in education -- who in the final analysis was responsible for the accuracy of the equalization figures that the department used, particularly as they relate to the minister's statement about the conclusion relative to the equalized assessment for the City of Edmonton.

Now just before adjournment the minister quickly ran through an explanation of the equalization procedure, and that really wasn't the question. I had a general idea of the procedure. What I was trying to find out is, who in the

final analysis is responsible for the accuracy of the data which is produced as equalized assessment by the board?

I asked the minister the question as to whether the board simply accepted the figures that are produced for it by the municipalities to see that the proper weighting has been given to market values as opposed to assessed values and so forth, or whether the assessment board, the equalization assessment board, in the final analysis would check the information and ascertain that the information was accurate.

I'm wondering if the minister could specifically respond then to the question as to who in the final analysis is held responsible for the accuracy of the figures that are produced by the Assessment Appeal Board?

MR. RUSSELL:

Mr. Chairman, it's my understanding -- I checked this again with officials of the department -- that the equalization board accepts from the municipal reporter, whoever is reporting the assessment figures, those figures and they are not checked, but equalization is then applied to those figures. In most cases the province doesn't deem it necessary to check, because in the first instance provincial personnel have carried out the assessment in any case.

When you get to the two cases of Edmonton and Calgary which have their own assessment department, then the figures submitted by Edmonton are accepted by the board and they are not checked. Equalization is applied to them by the board if the city, in this case Edmonton, believes that they are incorrect. Then they have the option of going to the Appeal Board.

MR. HENDERSON:

Further then, Mr. Chairman, do I gather -- maybe I could frame it as a question. In the case of Edmonton and this incident which developed in the last few weeks, do I gather that the correct figures were then produced the following year by the Edmonton City Assessment Department, that they were the ones that reported new data which varied from the previous year and that it wasn't the result of work done by the Assessment Appeal Board that brought out the fact that the assessment figures for the previous year were in error?

MR. RUSSELL:

The problem this year specifically with the case of Edmonton is directly attributable to the fact that this is a reassessment year for them. Reassessment was carried out last year and it is the figures of the reassessment that are being used. It is because of the sudden impact of reassessment due primarily I believe in the case of Edmonton to rapidly escalating market values in land, more so than in physical improvements that has caused the sudden jump.

So whereas in previous years the assessment increased at a rate somewhere in the neighbourhood of 7 to 12 per cent -- I'm going from memory again in the case of those figures -- this year the jump was in the case of 36 per cent. But those figures were done by the Edmonton assessment personnel.

MR. HENDERSON:

Well, I guess where it gets confusing, Mr. Chairman -- I recall about a year ago last January going to the city to get some information relative to a project I was doing for some people and the reassessment information really was available at that time. It was quite apparent then that there was going to be a substantial jump in the values. But the basic problem relates to the data supplied by the City of Edmonton, and the data submitted by Calgary and Edmonton is accepted without further checking by the Assessment Appeal Board and that is where the matter rests. So, in effect, the Assessment Equalization Board does not accept any responsibility for the accuracy of the data that is submitted by Calgary and Edmonton.

MR. RUSSELL:

That's right, Mr. Speaker. I discussed this with the Assessment Commissioner this morning; would it not be a good idea to run some spot checks or try and foresee this kind of thing? He agreed that as a policy matter it would be. In the past it has been simply a matter of economics, manpower, and time that the checking was not done. It was merely accepted. In some instances, towns have, on that basis, appealed their equalized assessment to the Assessment Appeal Board. But figures have not been checked.

MR. HENDERSON:

Is the government then considering it as a matter of policy having spot checks made in instances where the department is not doing the assessing, or in the other case where the department is doing the assessing the shoe is on the other foot and the town can appeal to the board.

But in the other case, obviously the city is not going to appeal to the board on a mistake they have made which turns out to be in their favour. So is the minister considering instituting such a policy at least to the extent of having spot checks run?

MR. RUSSELL:

Yes, as a matter of fact, Mr. Speaker, obviously because of the current experience we are going through, that would be a good idea. The second part of that would be to minimize somehow the dramatic impact of these eight-year cycles so that your expanding graph is going up at a steady rate rather than this sudden jump in the eighth year.

I think the province has recognized the deficiencies in its system. But on the other hand, the municipalities should not overlook their responsibilities either. They chose to go the full eight years. And, of course, the cycle could have been minimized to some extent if they had gone at the fifth year or something.

MR. HENDERSON:

I don't disagree with the minister. I just find it hard to believe that such a jump should occur because even though they are on the assessment base which is eight years old, they have to put the weighting factor between assessed value and market value each year, which should arrive at the same final equalization dollar figure as the minister has outlined.

So I can't believe it's the fact that it's an eight-year exercise involved but rather the fact that the adjustment between market value and assessed value is not being maintained up to date on a year-to-year basis. Or, as the minister says, when the market is changing very rapidly it makes it more difficult to produce the figures then.

MR. RUSSELL:

Yes, Mr. Chairman. In the case of Edmonton, I think there is pretty substantial agreement that the dramatic increase is in the land portion and not to the same extent the improvements on the land.

The figures for last year, for instance, are interesting whereby Edmonton had reported to the Equalization Board that they estimated their assessment was at 37 per cent of market value. When the reassessment was done, it proved that they were actually at 20 per cent of market value. So they are out substantially in their seventh year.

MR. KOZIAK:

Mr. Chairman, continuing with this matter of the City of Edmonton assessment. In the little worksheet that the City of Edmonton sent out with each notice of assessment for properties within their jurisdiction over the last few months, was a statement:

The assessed value of your land is approximately 65 per cent of market value. The market value of your land has been determined by an extensive analysis of land sales in the city for the year 1970.

Now my question, Mr. Minister, is in connection with the two parameters, the 65 per cent of market value and the use of the 1970 figures as the basis for determining market value.

Are those decisions which the municipality can make? In other words, can the City of Edmonton say we will use 60 per cent instead of 65 per cent? Or, we will use 1968 instead of 1970 market values. Do they have any freedom of movement in those two areas?

MR. RUSSELL:

Mr. Chairman, in the one area what they choose as their last base, I honestly don't know what freedom they have there. You can understand in the

case of reassessing a city the size of Edmonton it was probably 1971 they started and they were using the last year's complete figures they had.

With respect to the 65 per cent assessment and the 60 per cent which they reported, they have already discounted at 5 per cent because in fact what they are reporting is a year late after it's actually been done.

MR. KOZIAK:

Well, as I understand it, Mr. Minister, the control of the appraisers and the assessors is entirely within the hands of the City of Edmonton and they instruct them as to how to proceed with the appraisal and the assessment. No instructions in this regard come from the Province or from the Department of Municipal Affairs.

MR. RUSSELL:

That's right, Mr. Chairman, other than the fact that most municipalities, of course, make an attempt to use the latest assessment manual out, and there are guidelines in there with respect to the improvements. But that is the extent of it.

MR. KOZIAK:

Well, then Mr. Minister, could it be possible that in this particular case the City of Edmonton, for whatever purpose, might have over-estimated the value of their land, perhaps in order to accomplish some particular social goal or to actually increase the effectiveness of a mill? The reason I say that is because the larger the assessment, the more one particular mill will raise in terms of dollars. It may be that a large assessment results in favourable acceptance by the citizens of the City of Edmonton in the setting of the mill rate. I'm just throwing this out that it may have been a possibility and I'm just asking for your comment.

MR. RUSSELL:

Well, I suppose that would be possible, Mr. Chairman. I don't honestly know. The situation in Edmonton is complicated a little bit more in the fact that they are one of the few municipalities that are on a split assessment basis. As you know, of course, this is the last year for carrying out that option, but there again, it's another one of the variable factors when you are reporting the percentage of residential to non-residential assessment to the board; when you are reporting the percentage of properties that use either the business tax or property assessment basis for machinery and equipment for some kinds of businesses; when you take into effect the numbers of parcels that are supported by grants in lieu of taxes, such as federal and provincial government properties, rather than municipal taxation -- when you report all of those things in the overall picture of trying to estimate what you think the current assessed value is as a percentage of current market value, you can see the room for error.

I don't think the error is deliberate on anybody's part, although it is possible that as the hon. member mentioned there could be, I suppose, any number of reasons why a municipality might determine a certain policy believing it in the best interests of the municipality.

One thing, for example, that has definitely affected this dramatic increase in Edmonton land assessment has been Edmonton's policy with respect to the development and the servicing of land as opposed to the City of Calgary, where in one case it's primarily a municipal responsibility and in the other case it is carried out by private companies by way of development agreements.

MR. KOZIAK:

Just one further matter, Mr. Chairman. What has happened as a result of this reassessment, of course, is to make land, especially in the central core, much more valuable. At least, it's been appraised at a greater proportion of its value, thereby resulting in more taxes on the land and less taxes on the building. I ask this question in connection with lands owned by the Province of Alberta that fall within the core. Now, as I understand it, the province doesn't pay municipal taxes but pays a grant to the City of Edmonton in lieu of taxes which fairly well equals the amount that the taxes would otherwise have been had the grant not been paid.

Properties come to mind, such as, for example, the grounds of this Legislature Building, which are substantial in terms of total area and in terms

of the location of this land within the municipal-civic-federal business core of the City of Edmonton, and which would make this land extremely valuable. My question is, whether or not the City of Edmonton and their appraisers have considered the value of the land on which these Legislature Buildings are situated, and whether the amount of that value has been transmitted to your department and how accurate do you feel the appraisal of that value is, if there is such an appraisal made?

MR. RUSSELL:

Mr. Chairman, I don't know the details of the procedures that are gone through with respect to putting an assessed value on properties that are supported by grants in lieu of taxes. Presumably they are reached by agreement between the municipality and the person, whether the federal or provincial governments are paying the tax, but I know that in most cases -- I have to hedge my words now -- in most cases to the extent of my knowledge the tax approximates the value of the tax that would be collected.

MR. CLARK:

It is my understanding that at the meeting held between the minister, the representatives of the City of Edmonton and the MLAs, one of the suggested routes pointed out to the local governments was that they could, in fact, go and appeal the equalized assessment of the City of Edmonton to the Alberta Assessment Equalization Board. Mr. Minister, I wonder if you would outline how that operates?

MR. RUSSELL:

There are two boards. There is the Alberta Assessment Equalization Board which passed the board order which has caused Edmonton their concern, stating what their equalized assessment is.

There is another board called the Assessment Appeal Board to which an individual or a municipality can appeal any matter of assessment and it is to that board that in this case Edmonton should appeal its equalized assessment if they believe it is wrong.

That is not the problem in the case of Edmonton. As Mayor Dent has said, probably the appeal board would substantiate the figures which the equalization board has given them. I really don't believe they are arguing about their equalized assessment. They are concerned about two things, one, the sudden jump, and two, that their situation seems so out-of-line with respect to the only other comparable city in the province which is Calgary. But they could appeal it and as a matter of fact, ironically Calgary is appealing theirs which is the lower of the two.

MR. CLARK:

But Mr. Minister, what is the possible benefit to the City of Edmonton because it was my understanding, at the meeting held Friday morning, that one of the propositions that, in fact, was laid before the people of the City of Edmonton was that they could appeal through the Assessment Appeal Board, and yet you are really saying that wouldn't come to grips with the problem, at least as Edmonton sees it. What would be the advantage of Edmonton doing that, or what is the possible advantage?

MR. RUSSELL:

The reason for going to the appeal board, as I suggested at the meeting, would be to get this controversy over the bill, the numbers of it anyway, out of the political arena. There is no point getting a Calgary-Edmonton battle or an Edmonton-provincial battle going. If we, in fact, can put the figures in front of the appeal board and they are held to be correct, then at least we know that that isn't what Edmonton is concerned about, although in their arguments they are indicating they are concerned about the final result, that is the \$38 million that is due.

So I suggested that would be one thing, to settle that once and for all, to see if in fact the equalization board has acted correctly with respect to Edmonton's live assessment in equalizing it and has acted correctly for Edmonton with respect to all the other municipalities in the province which are also equalized for purposes of the school foundation.

If we could settle those two things and then determine by an independent board that in fact the bill is right, if they are still having difficulties

collecting the bill or if there are some taxpayers on whom the bill is a hardship then we can deal with those topics.

MR. KOZIAK:

Mr. Minister, on that particular point, if the City of Edmonton now finds themselves in the position where they have over-valued the land they then have that remedy of going to the Assessment Appeal Board and having the Assessment Appeal Board make the necessary adjustments to the amount required of the City of Edmonton for the foundation program in view of any error that may have been made in the over-evaluation.

MR. CLARK:

Mr. Chairman, in that proposition the appeal board would really be telling the City of Edmonton that they didn't assess the land in the City of Edmonton properly. That is the proposition my friend from across the way is putting.

MR. RUSSELL:

Yes, that is my understanding of it. One of the first pieces of evidence the appeal board would ask for is the backup data as to how the assessment on which the equalization was based was carried out. So that enters into it.

In the case of the City of Calgary, they're apparently appealing theirs on the basis of the use of supplementary assessment which was new legislation last year.

MR. CLARK:

One more area, Mr. Chairman, for now at least, and that deals with the relationship between the City of Calgary and the City of Edmonton: it is my understanding that over a period of several years, at least going back to 1968, that the City of Edmonton has paid more as far as totals into the foundation fund than has the City of Calgary. And yet in recent years, from 1968-72, Edmonton's population has increased 2 per cent while Calgary's has increased something like 4 per cent; as far as industrial assessment is concerned, Calgary's has gone up 25 per cent and Edmonton is up 14 per cent. Yet the City of Edmonton is going to be paying something like \$9 million more into the Foundation Fund than the City of Calgary. Herein seems to lie the nub of the problem. As I understand it, unless something is done about it, Calgary will face the same problem two years down the road.

MR. YOUNG:

Mr. Chairman, just a couple of observations about what has happened and to generalize slightly upon the Edmonton case, if I can refer to it that way. We could equally refer to some other situations, I think, other than municipalities with similar situations. It seems to me that on the basis of the eight-year rollover for assessment, or eight-year reassessment, we have a situation which at best builds in some very -- well, first of all, presumably a true relationship of assessment to land value which over the period of eight years becomes somewhat artificial, at least it would appear to have in a number of cases which have occurred this year and also last year and possibly before.

If, in fact, that is happening, it gives rise to one problem, but it is compounded by a second that is, the eight-year cycle is not the same eight-year cycle for all municipalities. Because it is not the same eight-year cycle for all municipalities there are at least apparent inequities between ratepayers because they live in different municipalities. I believe this could be removed if we moved the requirement for the reassessment to occur following the same assessment manual and have it done province-wide in the same year.

It seems to me that if we were doing that, then, in fact, what would happen would be in year one -- at least from the taxpayers' point of view -- we would be collecting under the School Foundation Program "x" number of dollars. Year two we would require "x" plus whatever is required because of inflation et cetera for the following year. But in fact, across the whole province, we would simply be increasing -- at least that is what is happening now in every case -- the assessment and increasing it presumably in the same amount across the whole province. Therefore, presumably, the mill rate would go down by an equivalent proportion. If that could happen I think we would, in fact, resolve many of the difficulties which have been built into this system at least over the last 7 years if not over the last 15 years and perhaps beyond that.

It is my hope, Mr. Chairman and Mr. Minister, that we might be able to consider such a proposition to perhaps [assuage] the discontent of some citizens who feel they are being inequitably treated, even though on perhaps an eight-year cycle they probably are not.

MR. RUSSELL:

What the hon. member just said is quite correct, and I think that the last time there was a substantial reassessment the foundation mill rate did drop from 32 to 26. Of course, this is what Edmontonians are getting concerned about this year. I don't think some of them recognize yet that the levy of 31.8 mills which they paid for school foundation last year is dropping to 24.6, on the basis of last week's estimates in any case, which is a substantial drop. Of course, that ties back into the Tax Reduction Plan because it brings more people into the maximum payment. So more people will get their entire school foundation levy back because of that. But certainly it would be desirable if we could get all the assessment in the province done once and for all, get it computerized and bring it up to date every year by programming.

Appropriation 2106 agreed to: \$77,050

Agreed to without debate:

<u>Appropriation 2107</u>	Assessment Commissioner and Alberta Assessment Equalization Board	\$251,140
<u>Appropriation 2108</u>	Assessment Branch	\$2,130,900

Municipal Administration

<u>Appropriation 2115</u>	Municipal Inspection Branch	\$322,670
<u>Appropriation 2116</u>	Field Service Branch	\$560,880
<u>Appropriation 2118</u>	Special Areas Board	\$354,670
<u>Appropriation 2120</u>	Local Authorities Board	\$124,420

Planning

Appropriation 2125 Provincial Planning Board

MR. TAYLOR:

Mr. Chairman, the hon. minister mentioned some time ago that he had given some thought to bringing in a brand new planning act. I'm wondering, is this going to come in at this spring session?

MR. RUSSELL:

No, Mr. Chairman, unfortunately it isn't. That had been our initial schedule approximately one year ago when we commenced some public hearings and wrote and asked any number of organizations for their viewpoints and submissions on an ad hoc basis. Those submissions were still coming in in January and the original scheduling had always been to introduce the new act at the spring portion of the session, give it first reading only and then get all sorts of reaction and carry it through at the fall session. That schedule has now been moved forward one half a session. So we expect to introduce it this fall and then pass it next spring.

Appropriation 2120 (Cont.)

MR. STROM:

Mr. Chairman, could we revert to 2120 for just a moment? I would like to ask a question in regard to the Local Authorities board.

MR. CHAIRMAN:

Is it agreed?

HON. MEMBERS:

Agreed.

MR. STROM:

My question is, is any consideration being given to the redefining or reassessment of boundaries of local improvement districts? Now, I realize it doesn't come under here, but I'm just wondering if there is an appropriation on which I could possibly question you later?

MR. RUSSELL:

Mr. Chairman, some months ago the government announced its intention to establish a Boundaries Advisory Committee. We can see that committee working over a period of three calendar years including the one we are in. This year, the first year, they would deal with those areas from which specific petitions or complaints have been received, next year deal with additional requests for assistance as they come in, not necessarily by a petition basis, and the third year carry out any general overview that is necessary as a result of changes that have been made.

The appropriation for the work of that committee this year is in 2104 under the old Liaison Office vote. You will see in the description there that there is a reference to the Boundaries Advisory Committee. So, to the extent that improvement districts might be brought into areas of self-government as a result of boundary changes, they would be included in the recommendations submitted by that committee.

MR. STROM:

Mr. Chairman, is the minister then saying that there will be no move to try and bring the improvement districts into full local self-government unless they so request? They would not be affected under this one, that really deals with annexation, and so on, that comes before the Local Authorities Board, I realize that. But it brings up the matter of redefining of boundaries and it is for that reason that I am raising the question.

MR. RUSSELL:

Well, the hon. member is alluding to a really interesting point with which I am sure he was bothered when he had my job because there are some areas -- presently LIDs -- that should be taking on the responsibility of self-government. There are other areas in the province that probably aren't ready. Unfortunately, there is no encouragement for them to do this, especially in the financial sense. But I would expect under the work of the Boundaries Advisory Committee for at least a partial step to be taken with respect to recommendations concerning some of the more solvent, if I can call them that, areas of LIDs that might become part of local government areas.

MR. STROM:

Mr. Chairman, again may I just say that the minister is absolutely right when he said that it was a problem we have been faced with. If I may just be permitted to say this, Mr. Chairman, that I think, initially, we made the right move in giving greater authority to the Local Improvement Districts and giving them a voice in the operation of their areas. But the question that, of course, will always face the minister is one of determining whether or not it is fair to permit the improvement districts to have all of the advantages of self-government and yet not be faced with the responsibilities.

May I say in all candor, Mr. Chairman, that the hon. minister may not be faced with the same problems I was faced with at the time I was there in that we were the ones who set up the operation, hoping to bring some degree of responsibility to them and yet having to provide them with the assurance that we would not go further.

I think that circumstances now dictate that it is incumbent upon the government to look very carefully as to whether or not it is a good arrangement whereby one section can operate with one set of rules and another area of the province has to operate under another. I am not making this a strong argument. I simply make it as something I think would be worthwhile for the minister to give some consideration to and I appreciate having had the opportunity to do so, Mr. Chairman.

Appropriation 2125 (Cont.)

MR. CHAIRMAN:

Very well. Any further questions on 2125?

MR. KOZIAK:

That is the planning. Yes, Mr. Chairman, just a few comments in relation to the proposed planning act. There are a few areas of concern which I would like to place before the minister in considering the drafting of the proposed new planning act. That is in the area of new subdivisions.

One of the problems that presently exists when a new subdivision is proposed, that is after an outline plan has been prepared and accepted, is where the subdivision and the approval of miniature plans, if we may call it that, under that original outline plan are taken out and proceeded with in advance of the whole outline plan. Usually what happens, Mr. Minister, is the area which is likely to be of higher value, such as the commercial, the high density residential -- these are usually proceeded with very quickly so as to solidify and complete that aspect of the plan, thereby retaining the value that those particular lands acquire by reason of the higher density and by reason of the commercial annotation and not sharing that value with surrounding landowners and neighbourhoods.

What happens, Mr. Chairman, is a situation where an outline plan is prepared for a certain population and included in that plan are provisions for schools, shopping centres, churches, for single family and multiple family occupancy. The whole commercial complex then draws for its viability on the entire outline plan. So each parcel of land within that entire outline plan contributes to the ultimate viability of the commercial project.

What you would think happens, Mr. Chairman, under those circumstances then is if there were going to be a fair and equitable distribution of value, that the value of any commercial land, the value of any multiple family land would be then shared by all the contributors to that outline plan. But unfortunately as is often the case, the people on whose lands the designation, by the planners, of commercial or R-5, R-3, what have you, usually end up receiving that. It's a windfall for that particular group at the expense of all the other people in the outline plan.

A typical example of that, Mr. Chairman, is what took place in the Duggan outline plan in the southern section of the City of Edmonton. An outline plan for that particular area was prepared designating a large regional shopping centre, some large areas for R-3 and R-5 development, a number of single family lots, schools and what have you. Now what, in fact, happened was the outline plan was bisected -- not quite, because the top third was a little less than the bottom two-thirds -- by a proposed road. And in this particular case one aspect of this plan was developed to the exclusion of the other so the north half of the Duggan outline plan was proceeded with separately from the south half.

As a result all of the designations remained and the north third, to be more accurate, included the regional shopping centre, included substantial amounts of proposed R-5 development which is a very dense multiple family development, a substantial amount of R-3 which is a medium density residential development and south of the freeway, the part that wasn't proceeded with contained almost all single family homes.

As a result of this procedure the owners on whose lands the designations -- and these designations are placed there by planners who are civil servants -- the owners of these lands were able to reap the benefit of the increased value in their land strictly from a designation which had been placed there by a civil servant. They were not required to share that value with all the other people who received the lesser designation.

R-3 land at the time was selling at approximately -- and this was about three or four years ago if my memory serves me right -- was in the neighbourhood of \$60,000 to \$80,000 an acre, R-4 in the neighbourhood of \$80,000 to \$100,000, R-5 in the neighbourhood of \$100,000 to \$120,000 an acre. Single family at the same time was selling in the neighbourhood of \$20,000 an acre.

Now I raise this particular point, Mr. Chairman, these figures, perhaps -- you know we are not talking about the people who are poor. I mean they are involved in the game of land development so maybe we shouldn't be concerned about them but I raise this from another point of view. That is this: anybody who goes into an outline plan who feels that he is being treated inequitably and

somebody else is benefitting at his expense is then going to be ornery; and part of the problem for the approach we now have in the City of Edmonton and the shortage of lots, the shortage of single family lots in Edmonton stems from this type of conflict that develops in outline plans where the whole outline plan is not proceeded with at once and the value shared equally, but where people whose lands have been designated to be of higher values are entitled to take those out sooner and enjoy the benefit of those values, thereby in effect stealing that value from the surrounding owners. That creates problems in the overall approach to sound planning and the overall approach to the provision of single family lots in the City of Edmonton. I wonder if that isn't to a certain extent a cause of the present shortage which we now have.

MR. RUSSELL:

No question about it, Mr. Chairman, I think the hon. member has summed it up quite well. Ironically, it's that exact process which has also contributed to Edmonton's assessment and the assessment equalization problem this year.

I suppose a better answer, if there is to be one, would be for the whole neighbourhood, all the land in question, to be under one ownership prior to any rezoning. That's the approach some municipalities use whereby they allow a developer or the municipality to buy all the land in question at fair market value at the time, assemble it, then develop a plan of subdivision and then it's the developer who is responsible for allocating or budgeting any increments in increased value as a result of specific zoning within the parcel.

But when you are dealing with many owners and many zonings, certainly that question will always be there. Not only that, it's when you get into development because, for instance, if the municipality, as an expense to all citizens, builds a park onto which an office building faces, there is no question but that the owner of that office building receives an indirect benefit by way of increased market value and because of his orientation onto the park.

The experience in land values, not only zoning, but something very much akin to zoning in the City of Toronto has shown that the land which is above or immediately adjacent to their subway routes has increased tremendously in value. So it's not just related to zoning or development. Even the development of transportation corridors has this dynamic effect on land values.

[Mr. Diachuk left the Chair.]

[Mr. Appleby in the Chair]

MR. DEPUTY CHAIRMAN:

Any further questions?

MR. LUDWIG:

Mr. Chairman, I was out of the Assembly for a few minutes when we passed by the assessment branch. I wanted to ask the minister a few questions on that particular vote. Of the 175 salaried positions, how many of these would be assessors?

MR. RUSSELL:

Generally, Mr. Speaker, there are the assessors, that is the men out in the field, 107 of those positions. In addition, there are 31 district assessors and 12 regional assessors. So I suppose you could say 107 and 31 is 138 and 12 -- 150.

MR. LUDWIG:

What I am driving at, Mr. Chairman, is that most of these assessors, a lot of them, would be working in the major cities, would they?

MR. RUSSELL:

No, the two cities of Edmonton and Calgary each have their own municipal assessment departments.

MR. LUDWIG:

Alright then. But I am concerned about the fact that you have almost \$430,000 for travelling expenses for these assessors. Assuming they don't travel every day, that they spend some time assessing, that is an awful lot of

money. I would assume that if they travelled every second day of the whole year you are looking at about \$50 or \$60 per day for each assessor for travelling expenses. I wonder just why that is so high?

MR. RUSSELL:

Well conversely, it's just the opposite problem. The assessors are complaining the travelling expenses and the accommodation allowances which they are given are not high enough. Because in many instances this is a job where they are continually on the move, especially in the rural areas. Their jobs involve almost continuous travel. This is a department of government or a division of government that has an extremely high and rapid turnover in staff.

At present, the provincial assessment branch in a way is a training ground for the two cities' assessment departments. And it's that problem. They are away from their families. They are travelling all the time. That is why that allowance is that high.

MR. LUDWIG:

Well, Mr. Chairman, I'm still not quite satisfied with the minister's answer because they travel by automobile in most instances. I'm sure a lot of them must have their own automobiles and have an allowance. The rates of accommodation in small towns are certainly nowhere near what they are in the cities. What are their daily allowances for accommodation?

MR. RUSSELL:

Mr. Chairman, I don't have that in front of me. It's laid out by OC in the various categories with respect to Civil Service travelling allowances. I'm sure the hon. member recalls that for the different grades there are different allowances. But when you get down near the level of an assessor, my memory is that the allowance for a hotel room and for the three meals is not very generous.

MR. LUDWIG:

That's just the point, Mr. Chairman. If it isn't very high, certainly they appear to be on the road all the time. Bearing in mind the numbers you gave me, and the fact that they must be doing some work, there is a tremendously large travelling budget here -- \$430,000. And bearing in mind that their hotel or motel accommodation is very reasonable in the smaller towns, this does appear to me to be a bit on the high side.

Mr. Chairman, I'd like to refer briefly to the section under Municipal Administration. I wonder if the minister can advise whether, since he has taken office, has there been any appreciable trend at all to indicate that at least some towns are beginning to show some reaction to the often proclaimed policy of reversal of urbanization? We've heard so much about it and I want to know whether the trend of packing up and leaving small towns and heading for the big cities continues or whether there has been some kind of reversal of this. Because we find that we are spending an awful lot of money and we are talking in every department about making life more pleasant and worthwhile in the small places. Is this having any appreciable effect or is it just a losing battle?

MR. RUSSELL:

No, I don't think it's a losing battle, Mr. Chairman. I'll answer this question, but I notice that we're now starting to repeat several votes we have already covered.

MR. LUDWIG:

I was out.

MR. RUSSELL:

Well, I know you were out, but if you thought it important, I'd have thought you would have been here.

That one, Mr. Chairman, I don't think you can say that there is a detectable trend. It's been very interesting in requests that have come, for instance, to the Alberta Housing Corporation from many smaller municipalities for land assembly programs or for programs of public housing and wherein the request for need is examined, they do, in fact, show fairly healthy records insofar as building permits, increase in population and increase in assessment.

So I can say that many, many of our smaller centres are in good, healthy positions.

There is no question that some of them are having a very difficult time and the stack of tax recovery documents that still come through the office are disappointing. But because there is a many-year cycle involved in that, we won't see the results of any action in the past year for a few years insofar as tax recovery is concerned.

[Mr. Diachuk resumed the Chair.]

But the Task Force on Urbanization in the Future and the work it's carrying out, the specific developments with respect to the Alberta Housing Corporation and some of the initial attempts by the government to get new projects into centres other than Calgary and Edmonton, I think are showing some evidence of making some of our other centres viable and strong.

MR. LUDWIG:

Mr. Chairman, I apologize to the minister for having been out when this vote was taken because it was necessary for me to be out of the House. I was out for 25 minutes when they covered six or seven votes. But I should also point out that the department is never really closed, so far as budget is concerned, until we have passed total income account, at which time I could raise almost any matter.

But I'm concerned about the whole approach of this government. They are saying that they are going to reverse the trend and somewhere down the line, sooner or later, they will have to come to specifics. These general observations are quite meaningless. If they are going to spend \$250,000 to increase the population of a town by 10 or 15 and build a few houses for those people there who need new houses, then we are really wondering if this is money well spent.

On the other hand, if you talk about Grande Cache and look at the number of jobs that were provided there and the chain reaction to these jobs. I am really wondering if that is not perhaps a cheaper way of saying, all right, we will build a satellite town some place where there is a future in development instead of trying to patch up and inject life into areas that have shown a decline for many reasons.

First of all, there is no use in convincing anyone, or trying to convince anyone that we will industrialize small towns when the big cities are really not becoming industrialized, that geographically we are handicapped and in spite of the advantages we have here to offset that advantage, even the big cities are not getting sufficient industry to maintain a higher level of stability or to reduce their mill rate on residences. But that also has become a losing battle. So when we are spending money on a town that is 100 miles northeast of here -- and we are going to spend hundreds of thousands of dollars sooner or later -- we will have to see whether we are really buying a little bit of time or a little bit of prestige or whether we are really fighting a losing battle. Because so far there has been no indication of any appreciable trend in Alberta toward increased populations in smaller areas.

In fact, there has been an indication that the farm population is continuing to dwindle at an accelerated rate. So in spite of all this talk that we are going to do this, we are going to provide the good life, et cetera, unless the minister can show figures indicating that we are in fact winning something, perhaps we are really not zeroed in or we are not facing the right direction.

I'm not saying you can just abandon everything and say that nature should take its own course, but the end result may not be too much different. I know the minister might feel that perhaps I am just talking at random, but I feel that if he wishes to challenge my position he should perhaps give us some good figures. I don't mean two or three towns which may have had a natural increase because of some local activity or some prosperity in the district that may have been a trend for years, but the minister should show where the policy of this government is in fact showing some measurable results in town growth, population trend growth and general prosperity.

MR. RUSSELL:

Mr. Chairman, I don't think there is any challenge involved. I was rather surprised that the member chose Grande Cache as perhaps a good example of the kind of thing to do, because of course, our current experience is showing that

this was not a good development. The municipal debt accruing to that town, if they ever get on their feet with a stable or expanding population, is rather unfortunate. Comparing it with other new communities, there is perhaps reason now to review whether or not a new development should be carried out to that degree by any government if they are deciding to establish a brand new town or improvements to an existing town. So there is obviously a question of balance here.

I don't suppose anybody could have foreseen the potential danger of a rapidly decreasing population that might possibly occur in Grande Cache, and I don't know if it will or not, to the degree that really would cause great concern. But certainly if the population gets any smaller the question of municipal finance will become a major problem; it is a major problem now with the present population level.

I don't know if there is anything that can be absolutely pointed at so one can say, aha, at this date the trend reversed and now people are flocking back to the rural areas. I don't kid anybody that you will see that happen. I think the old government has to share in some of the responsibility for this.

For instance, by starting the University of Lethbridge, certainly that was a good shot in the arm for the City of Lethbridge and it certainly has created a trend there. I think there is no question but that the university has meant a lot to Lethbridge and the decision in retrospect to establish it there was a good one.

Similarly today, the decisions this government is making to establish certain facilities in areas other than the two metropolitan centres, perhaps a few years down the line somebody will look back and say that was a good move to make, you know, at that time. There is no question but that this development or that development was just the shot in the arm that that particular community needed.

The figures we saw on population for the City of Edmonton last year showed a net decrease, not a significant one but an argumentative one. Whether that is the beginning of a trend or not, I don't know. I suppose the only way we would ever be able to measure the economic value in dollars and cents would be to carry out a very sophisticated cost benefit analysis.

I talk about my own home town, the City of Calgary, presently spending \$8 million or \$10 million per major traffic interchange development just for the purpose of moving "x" number of cars through one intersection a day. If the city were half that big those kinds of things wouldn't even be necessary, so there is the very sophisticated procedure of trying to weigh the value of the benefits that accrue from a city the size of Calgary or Edmonton against what we are paying for.

I think generally the two cities of Calgary and Edmonton are pretty well off. They have on a Canadian basis, reasonable municipal taxation rates, and pretty nice levels of physical development and good levels of municipal service. I am generalizing now, but I think that is a fair statement to make.

I am encouraged though, as I said earlier, at what some of our smaller centres are doing. One that comes to mind, the most recent one, is Barrhead and it is doing very well. Its base of assessment is good, its rate of population growth is good, and those are the kinds of communities we should be trying to help.

MR. LUDWIG:

Mr. Chairman, I won't argue with the minister for the benefits that the two cities, particularly Edmonton and Calgary, enjoyed under the previous administration, particularly when they had so many public facilities built and paid for.

But I think when you talk about Grande Cache -- when you talk about other towns -- at least the possibility of that town becoming a very viable town on the long-range basis is very good because it certainly has a future as far as industry is concerned. It also has a tremendous future as far as tourism is concerned, and it does require good management. Just because a town of this nature declined, as the hon. minister stated -- one can't always foresee the future in these matters.

But there are lessons to be learned from what other jurisdictions did in this regard, so that we just don't fire away in the dark hoping that we hit the mark. We must find out whether we are not spending more money per capita in

other areas that don't have much future industrially, unless we create something out of nothing; unless we create some kind of a centre in an agricultural area that can support maybe 30 or 40 or 50 or even a 100 more people at best, that we don't spend more per capita for providing jobs there than perhaps we did in Grande Cache. But I am saying that Grande Cache and coal itself has to come into its own eventually and maybe much more rapidly than we think. So when you deal with towns like that, perhaps at least the odds are that something can be made out of it.

But I am saying it is no use criticizing the building of Grande Cache when you might spend \$4 or \$5 million trying to pump some life into a town that has no potential, that is going to try to compete industrially with something that even the bigger cities can't handle, but they are competing with other areas in industry such as the west coast that has cheaper transportation or the provinces of Ontario and Quebec that are benefitted by a bonus or cheaper production and cheaper transportation. So that is the danger of trying to make viable towns out of towns that show a steady decline for whatever reason. That is where we could get caught in gambling against the odds.

MR. RUSSELL:

Mr. Chairman, we keep going back to Grande Cache. I should emphasize that is not really a good example to use today with respect to how you finance and to what level you finance physical improvements in a new town. You have to go there and look at what has been provided and then perhaps go to another equally viable town, and I think of High Level. You look at Grande Cache with its glassed-in indoor swimming pool, the paved parking lots of the high school, the parking plugs, the beautiful provincial building. Everywhere you go in that town things have been done absolutely first class and it's beautiful. But it can't support itself. You go up to High Level and a distraught mayor takes you around and shows you the water supply which is dependent upon the beavers behaving themselves and not breaking the dam. There is not one square inch of pavement in that town. Yet the place is growing and there are taxpayers there carrying fantastic utility and municipal taxation rates.

Now I'm saying that I think there is a point of balance and the member would leave the wrong impression if he gives the impression that Grande Cache was a superlative success, because financially it wasn't.

MR. LUDWIG:

Mr. Chairman, maybe it wasn't a superlative success but it can hardly be written off. You talk about these towns: you look at Elliott Lake in Ontario, you look at Goldfields and Uranium City, look at Nordegg, look at Drumheller, look at Canmore -- all of these, I'm talking about a few Alberta ones, will require support in some manner or another to keep them viable even though they have a record of a number of years of achievement.

When you talk about High Level and its beavers, I hope that the Minister of Lands and Forests doesn't find out or they will be murdering the beavers out there and maybe you'll have a problem. So keep that away from him.

But, Mr. Chairman, I'm not suggesting that any town can be singled out as an example. I'm saying that we should not be haphazardly trying to reverse a trend that the general economy, the general make up of this province has established. I'm not saying we shouldn't try to reverse the trend but we must not keep pumping money into a town that has no potential for industry except in the case of an agricultural-based industry that may increase the population of a town by maybe as high as 100 if it is lucky. But to try to create industrial towns in Alberta in competition with the bigger centres that can't compete would be, in my opinion, an investment that could hardly be justified.

MR. CLARK:

Mr. Chairman, we are on 2125, are we?

MR. CHAIRMAN:

2125.

MR. CLARK:

Mr. Minister, I would like to deal with a specific problem under The Planning Act as it now stands. I think it's Section 27, which deals with the question that in rural Alberta there can only be the one residence on a quarter section of land. You will recall that last fall a ruling was made that a mobile

home or trailer was considered a residence. I know of two particular situations where, in fact, there are trailers on quarter sections of land owned by the parents, who are quite old. The younger people are now wanting to build a house there and because of the ruling under the Act that a mobile home is considered a residence they are not able to unless they can prove they are going to get a substantive portion of their income from agriculture. For a person who is trying to move in that direction -- but initially, certainly they aren't going to get a substantive portion of their income from agriculture -- it's very difficult for them to get a start.

In talking to the municipal authorities involved, they say, "Well the Act is very explicit. The answer is really no, and as far as an appeal is concerned you can appeal to the county council but that is really as far as it goes." I would like to know if this is a problem in a number of areas across the province.

Secondly, and perhaps much more important, do you see any way around this particular problem for legitimate cases?

MR. RUSSELL:

Yes to both questions. I think it is a legitimate problem throughout the province. I hope in the rewrite of the new act that we are coming up with an answer for it. We tried to approach the problem in The Tax Reduction Act and recognize that very situation and tried to treat those residences like they were, in fact: bona fide homes which were eligible for the tax reduction even if the farmland that went with them was some sections or even another municipality removed.

So if we carry that sort of reasoning and philosophy forward I think we can come up with some kind of thing. I have talked to the Minister of Highways about this and their concern, when you get into this kind of situation, where you draw the line and how you control points of access onto the highway, particularly if it is a primary or major secondary highway. So there are some real physical planning problems involved, but certainly the attitude in the legislation will try to be one of reason, to try to accommodate those situations.

MR. CLARK:

Mr. Minister, for the very immediate problem though of people involved with the problem right now: for example, I have a particular situation where a prefabricated home is going to be arriving in, let's say, the course of two weeks and there is really no way 'round for the local government at this particular time, is there?

MR. RUSSELL:

Well, there could be. There could be a legal way out by creating a legal subdivision for the home if they actually wanted to take out a parcel for the second home. I think it's a 40-acre parcel you can take out. Some people object to doing that, I suppose, for estate or taxation purposes. The only other way that is open is to go the appeal-board route and see if in a case of justifiable hardship the local appeal board would deal with it. The chances there are pretty remote.

MR. BENOIT:

Mr. Chairman, with regard to the rewrite of the Act, hon. minister, is there any chance that there will be any opportunity to peruse that during the summer or are we going to have to wait until the fall portion of the session before it comes out?

MR. RUSSELL:

I indicated earlier that our proposed timing is this: to table the Act in the fall and let it die on the Order Paper and then pass it in the following spring session, so everybody inside and outside the House, hopefully, will have good opportunity to read it.

Appropriation 2125 agreed to: \$1,246,177

Appropriation 2126 Provincial Planning Branch \$529,510
agreed to without debate

Appropriation 2127 Task Force on Urbanization and the Future

MR. LUDWIG:

Mr. Chairman, would the hon. minister advise what is the intended make up of this force? I would like to particularly bring his attention to the fact that it hasn't been established that there was any advantage in setting up a political task force if it is made up of one party, and then the minister advising him very carefully what the end result has to be after listening to all the pros and cons and perhaps seeking political solutions to these problems. What is the intended make up of the task force on urbanization? Will it be MLAs or will it be a force entirely independent of the government?

MR. RUSSELL:

Well, it is in existence now and has been for some time. It is very small and comprised entirely of paid personnel. Members, if they can, will recall that in 1971 the task force had been established with a director, an assistant director, and, relatively speaking, a fairly high number of support staff here in Edmonton. Then there are a number of working committees travelling throughout the province in different municipalities doing different things at the local basis. The decision was made that rather than have those committees carry on their work for three years, we would ask them to report and wind up the first stage of their work at the end of the first year and reduce the task force to a very small coordinating and directing agency which would assess the situation in Alberta, carry out a limited amount of research itself, support research that was being done by other groups and last, but not least, commission specific research projects if it wanted to. That's the stage it's at now. The committees in question wound up and reported last June and since then the director of this task force, Frank Marlyn, who had been the previously appointed deputy director, has been carrying on with the support staff of really only two or three people.

One project under way is in the constituency of Drumheller where there is a pretty interesting project initiated by local citizens down there. There have been some specific items of research funded as a result of requests to the task force so really the term task force now means more a coordinating office rather than a task force per se.

MR. BENOIT:

Mr. Chairman, in connection with that, I appreciate that some of the material this task force has compiled and put together is very worthwhile. However, I'm glad it isn't as large as it was because I don't think it was necessary to be that large in order to use that much material. But I would appreciate continuing on to the end of the term because I think there is lots of worthwhile work they could do yet.

Appropriation 2127 agreed to: \$100,000

Appropriation 2128 Lesser Slave Lake Projects \$30,000
agreed to without debate

Alberta Property Tax Reduction Plan

Appropriation 2131 Assistance to Municipalities

MR. MANDEVILLE:

Yes, just a few comments on this, Mr. Chairman. In going over the allocations of municipal assistance grants to local authorities for 1973 it appears the jurisdictions that had high levels of supplementary requisitions on health services are considerably reduced in their municipal assistance grants for 1973. I can't really say that I can quarrel with that. However, there are special occasions where there is a hospital board that has been accumulating a deficit over a period of years.

I know of one particular board that accumulated a debt over six or seven years. Last year they decided to pick up this particular deficit and they requisitioned the local authority to do this; they put on a high mill rate and so there, to put on this high mill rate, and to hold their mill rate at a level that was acceptable to the ratepayers, they cut down on their municipal work in the district. So now if they are cut back as a result and pick up all their deficit, again this year they will have to cut back on their municipal work in those particular areas. I just hope that the minister will give some consideration in these special cases such as the one I mentioned.

There is another area where I have concern and I've discussed it before, that is in our local municipalities and counties where they have this industrial assessment. I'm thinking of transmission power lines and transmission pipelines and rail right-of-ways. I do hope that in the future -- we did have a bill before the House in the previous administration -- I opposed it at that time and I still oppose it. I hope that this industrial assessment is not taken away from these rural municipalities because I think they certainly don't have a very large assessment in the area of industrial assessment. Most of their assessment, even as far as their agricultural assessment like meat packing plants, fertilizer plants, machine agents, are usually in the urban areas. This leaves very little of this industrial assessment in the rural areas. Here again I hope the minister will take a real good look at this before anything is done toward taking any of this assessment away from the rural counties.

In just going through the counties and municipalities here, and looking at the particular jurisdictions that do have high industrial assessments such as I mentioned, I see there is one county here down \$153,000, one municipal district down \$167,000 and one county down \$175,000. I do hope they haven't taken into consideration any of this industrial assessment for distribution of municipal assistance grants.

I have in my own constituency the County of Newell, which is down \$153,000 for the coming year. If they do qualify for the assistance grant they will be down \$153,000 but if they don't, they will be down \$244,000. Last year they got \$416,000 on the 1972 municipal assistance grants and this will be a reduction, if they don't qualify for the \$91,000, of 59 per cent over last year. This happens to be a county that had the 7 mill requisition for hospital services last year and they did have to cut down on their municipal expenditures last year. I hope this is an area to which the minister will give some consideration.

MR. RUSSELL:

Those are good points, Mr. Chairman. As you know, the bulk amount that is in the tax reduction plan for municipal assistance of \$48 million; \$7 million of that is deemed to be the supplementary hospital requisitions spread throughout the province. So that is specifically a direct and an absolute estimate projected to this year based on last year's experience. So the idea is now for the province to take that level of assistance over and leave that tax space for the municipality to move into.

I am sure there will be cases like the hon. member has mentioned where they had some unusual or flukey circumstance which perhaps might tend to throw their projection off on a fair basis. That is why we included that item in the revised guidelines at the end of March, which would allow a municipality to point that out to us so that they wouldn't be hard done by as a result of that kind of unusual circumstance.

MR. HENDERSON:

I have some questions I want to ask. But firstly I would just like to make a general observation. I am still amazed to see that there are hospital grants and health unit grants contained in the Department of Municipal Affairs. The mysteries of this new bookkeeping system really astound me because I presumed that the Hospital Commissions were looking after financing hospital services. But be that as it may, I am wondering if the minister could first, in very general terms, outline to the House the general ground rules they are following relative to the allocation of the municipal assistance grants.

I can see that there is a general correlation between per capita assessment and the magnitude of the grant. But there are clearly some very startling exceptions to that. When one tries to guess what the exceptions are, the question comes up as to what sort of a weighting factor the government must put into them. I would like to suggest to the minister that while the government in the final analysis is accountable to the voters on it, when they start moving municipal finances into the same area as the ground rules for financing like hospitals have been, it is buying a real pain in the neck and some real problems. Because there are only 100 hospitals in the province and I found in that area it was almost impossible to come up with a formula one could hang one's hat on for allocating money.

You do it under the foundation program, because there is a high degree of similarity between schools. When you don't have a mathematical base of some sort for allocating funds, and you treat every individual municipality as an individual entity, the minister is simply going to find that every municipality is camping on his door step saying that it didn't get its share from the kitty.

Because it doesn't matter how much they get, the arguments are always there that "I didn't get my share," and "somebody got more than I did," and so on. I think the minister's general refusal to divulge a formula -- I'm convinced that if he hasn't got one he's going to suffer the consequences down the road sometime in the not too distant future, because he's going to find himself in a completely indefensible position if his only answer is, well we, sort of by the seat of our pants, looked into the crystal ball or consulted the ouija board and decided this is how much you should get.

I think it would probably be in the minister's own best interests at this time if we could start out by talking specifically, if I might suggest, Mr. Chairman, just about the municipal assistance grant portion of the program, as to the ground rules in a general way and how they have come up with the dollars and cents figures they have used.

I'm aware of the fact that there is a general correlation with the general assessment, but there are some very outstanding exceptions to that and I hope the minister, in his general philosophical dissertation, might provide the basis of an explanation, even though he doesn't get into the arithmetic specifically.

MR. RUSSELL:

Mr. Chairman, I recognize the importance of the remarks that the hon. leader is making. We are, I think, involved in a question of timing here, and that is, how much new information we put out to municipal governments all in one year. Essentially, there are three batches of information, if I can put it that way. The first one, of course, contained the details of the new municipal assistance plan, what is included in it, the property tax reduction aspect, the levels of assistance to municipalities and how that would be done, and that was done as early in the calendar year as we were able to get it done. Everybody talked about that and considered it for a couple of weeks.

Following that, the detailed list of the dollar amounts for both kinds of grants was made known to all the municipalities. So the last thing that was left, and on which obvious questions would arise is, how did you calculate the municipal assistance grant? We've always said that will be given to them as soon as we get through this horrendous process of doing the municipal budgeting and setting mill rates for this year, because it is taking a lot of time and attention. I suppose that decision has been made because we can guess exactly what is going to happen. People will analyse the method that was used -- or the formula, if you want to use that word -- and feel that they have been treated off the norm in some manner. They will also start to make immediate comparisons with their neighbours.

It's simply trying to stretch that process out over a period of at least half a year that we are looking at publishing a formula probably some time, as I indicated, following the end of June. I would hope we would be able to get a long and detailed explanation of the formula for our municipal councillors in a special edition of the Municipal Councillor, and certainly we'll issue the paper the way we did to all MLAs and all municipal councillors at that time so everybody can have a chance to look at it. So really I have to say that the responsibility of issuing the thing is one which is made on the judgment of time. That's a judgment decision that could be right or could be wrong.

I think really, the amount of attention that has been put on the grant formula system is unfortunate, because people are going to be disappointed, expecting some tremendously mysterious or dramatic thing, and really all it is is an attempt to treat equitably all the municipalities in Alberta which are, in fact, quite different. The working paper does include specific exceptions to the rule, as the hon. Leader of the Opposition mentioned. But I can give, in a few words, a very brief outline of how this system works.

First of all, you separate urban municipalities from rural municipalities, because they are, in fact, quite different insofar as a lot of their characteristics are concerned. The urban municipalities --

MR. HENDERSON:

Would you define what you mean by "urban" as a starting point?

MR. RUSSELL:

"Urban" is cities, towns and villages, and "rural" is the counties, MDS, IDs and special areas. The urban municipalities were then broken down into four categories according to population. I can't just recall the population range

for each division, but obviously the first division contained only Calgary and Edmonton.

Then working within each group or classification of municipality, whether it is urban or rural and depending on what its population category was, we tried to establish what is a reasonable mean or average with respect to a number of key factors for that municipality, for instance, assessment per capita in the case of rural municipalities, size in townships, population per township and that kind of thing.

By going through the list of all the municipalities throughout Alberta we were able to decide whether or not any specific municipality was above or below the median and deserved on a relative basis -- and this is the important thing, you are always working on a relative rather than an absolute basis for each municipality, whether it in fact deserves any kind of assistance. The net result is that toward the end of the working formula you arrive at a computation whereby you say: if you start with a fixed amount of money -- and in this case the fund was started with \$10 million -- if you start allocating \$10 million on a relative basis and make adjustments as you go along on these broad guidelines -- and I'm really abbreviating the system now -- how much is everyone entitled to?

Finally, the other computations were brought in, that is, the effect on each municipality as to what it would gain under incentive grants under the health unit, hospital and social assistance costs, and you looked at what was estimated to be the net benefit or otherwise insofar as mills are concerned. Additional funds were put into the fund in order that no municipality would have a loss exceeding five mills. That is as far as the task force took it.

Beyond that some additional adjustments were made prior to this budget figure being presented, in that some municipalities stood to gain tremendously while others stood to lose. On the basis of relativity we attempted to, on a pro-rated basis, take from those with the very high benefits and give a proportionate amount to those with the very low benefits whereby the municipalities in a relative sense would all come out a little better off.

The last difference between the urban and the rural municipalities is that there is a factor relating -- and this came about as a result of discussions with the two associations whereby it seemed that in the case of urban municipalities the costs of services related back to the municipal tax base -- generally related to people, numbers of persons, in the urban. Whether it was related to fire fighting or police costs or whatever, there were services in there that went up directly as the population of a centre went up.

So there was a factor put in for municipal assistance grants in the urban centres that contained a feature including \$2.00 per capita for urban municipalities as part of the municipal assistance grants makeup. In the case of the rural municipalities, they maintained that their costs were more directly related to area of municipality that had to be serviced as opposed to the number of people in it. So a yardstick was looked at whereby some form of assistance could be built into the computation that would reflect the area to be serviced. In that case, the miles of municipal road that would have to be maintained were taken as a yardstick and there was a \$20 per mile allotment made for each mile of municipal road the municipality maintains. Now comes a problem. Of course, you can work through the first ten municipalities and the system works fine. You get to number eleven. It might be the exception to the rule whereby you get a large rural municipality with many townships, sparse population, a poor assessment base, but not too many miles of road to maintain. So along there you have to make a judgment decision notwithstanding the fact that there are these ground rules to go by, that they don't really work for this particular jurisdiction because they don't have these many miles of roads so you arbitrarily, proportionately reduce that grant. But generally that is how it works. There is a lot more to flushing out what I have told you. It is that detailed information we are committed to getting out and we have said we will get out.

I would like to get it in front of the Provincial-Municipal Advisory Committee at its first meeting following the adjournment of this spring session, because we have to deal specifically, I think, with the exceptions to the rule and see if the committee has any suggestions to make.

But generally, that will give you an idea of how the grants are computed. There is no attempt to keep it a secret, it is simply a question of timing.

MR. HENDERSON:

I don't know whether I heard the minister right, whether he was talking about flushing something out or flushing it out. I suspect maybe -- was it flushing, Mr. Minister?

DR. HORNER:

Yeah, flushing.

MR. HENDERSON:

Well, Mr. Minister, quite frankly I am trying to imagine how you went about this exercise. I went about much the same thing myself and took all rural municipalities and categorized them, grouped them by populations, then listed them in descending value for per capita assessment and listed the miles of roads in them. I still came up with some pretty queer propositions.

I have to say on the matter of timing that I think your timing is lousy because you put the money figure out months ago without talking about the formula. The cart was before the horse, I think maybe that if you had the formula settled first before people got an idea of the dollar figures in hand, they might have been more agreeable to settling a formula because the money wouldn't be forthcoming. But nonetheless, it was done the other way and so naturally people are asking the questions the municipalities are.

I look at Pincher Creek and I rounded some of these figures and I hope there are no glaring errors in them. But I wonder, for example, Pincher Creek, 2,740 people roughly, Provost, 2,900. One has 5,121, Pincher Creek has a per capita assessment of \$5,100 roughly, and they get \$39 per capital assistance grant, Provost has got \$4,900, roughly \$5,000, it gets \$34. But Provost has got 200 miles more road than Pincher Creek has, and they still get a lower grant and the populations are within a couple hundred of one another. Provost has the bigger population, the most roads, the lowest assessment, and still it gets a lower grant than Pincher Creek does which has a higher price, slightly lower population. It has less mileage of roads, it has a higher per capita assessment, but there is a \$5 difference between them. So it just doesn't fit. So there have to be other factors taken into account to which subjective values apparently apply that would override those considerations. I am wondering what some of the other values are that go in there so far as arriving at the situation which is somewhat backward.

Then you go down to Acadia which is 896 people, 378 miles of road, per capita assessment of roughly \$3,000 and they get \$60 per capita. And what is a general correlation, particularly in the urban areas, with the assessment, but when one gets into the rural areas one has to question the subjective values that are being used in coming up with the dollar figures that have been applied because some of them are highly contradictory. I wonder, for example, what factors must be taken into account between Pincher Creek and Provost where there are more roads, more people, lower assessment and less money compared to Pincher Creek. I just use that as an example. There are all sorts of them through the whole exercise.

After per capita assessment in population in road mileage what are the other factors that are significant in applying judgment values to and determining the grants? There must be some others that stand out pretty clearly. I can't see the payment of the health unit cost or the hospital cost as really being relative to this as that is just a one-shot deal this particular time around. I think there is \$7 million in for hospitals this year, a couple of million for health unit grants and surely that isn't mixed up in these particular payments this year or is it? Maybe that's what comes in, I don't know.

MR. RUSSELL:

Yes, the leader has zeroed in on exactly why there appears to be these big discrepancies in the municipal assistance grants and it's for that very reason that I described earlier when you get the work of the projections done for all the municipalities. The only thing you said about which I would argue is that the move into the social services grants is a one-shot deal. Because it is meant to be a permanent base which they move into and maintain. So what had to be done is all the dollars that were put into those programs in excess of 300 municipalities converted into the local mill rate for that municipality. So when you looked across the whole sheet and saw what a municipality was liable to get as a result of its assistance grant, its incentive grant, its health unit cost, social services cost and its hospital grant, and netted it all out on the

basis of mills, you could get the situation whereby one municipality might show a net gain of, say, 4 mills and the other one a net loss of 1 mill. And here I am really over simplifying when I take those numbers.

But you then say in the last stage, well it's really not fair, as a result of all of these provincial funds of doing this and somebody is going to have to pay an extra mill after it's all done, and yet somebody else gains 4 mills. Wouldn't it be fairer if the guy that loses the mill perhaps came out even and the other one gained 3 mills? Again I hope you appreciate I am really over-simplifying.

So if you accept that is a fair supposition you go back to this total level of assistance. But the only thing that is flexible in there is the assistance grant. You can't deal with the incentive grant. It's fixed, it's tied to the school supplementary requisition. You can't deal with any of the requisitions they are moving into. So the only thing in which you can make a change is in a municipal assistance grant because it is the only thing that has been computed individually on a relative basis for each municipality.

So you go to a municipality, for instance, and some of these situations did occur, particularly with respect to the rural municipalities, whereas you might be dealing with a package of benefits that total several hundred thousand dollars and you maybe want to take \$80,000 off that municipality proportionately in order to spread it among some of its poorer cousins. The only thing you have to work with is a municipal assistance grant and maybe it was only \$90,000 of that several hundred thousand dollar package to begin with. So you do, in fact, take it off and it reduces their grant to \$10,000, whereas on the computed basis it might have been \$90,000. But then you have to go back to the total package and say, well on a relative basis it is still being treated fairly and as equitably as possible with respect to the other municipalities. So in some cases you do get this extreme distortion which in a way is ironic because it tends to throw off all the computations that went into the involvement of the municipal assistance grant in the first place. But you are left with that as the only flexible thing in the entire program which can be adjusted if you do want to make those adjustments.

MR. HENDERSON:

The minister has confirmed one of my suspicions that the municipal assistance grant has taken into account the total financial situation of the community. I would like to suggest that this I think, has some real inequities in it, particularly when it comes to the formula they are using for the incentive grants. Because one is led to the suspicion, when one includes the incentive grants that are related to education, that it is an effort to patch up inequities in education grants. So, if we are going to bring that in we had better bring in all those too.

There is one other thing I would like to get clear which still doesn't make sense to me. I said that the payments such as the 10 per cent increase in the social assistance grants from 80 per cent to 90 per cent, is only a one shot deal. I assume that next year all the municipal assistance grants will go out through Social Development. Does the minister mean to say, from here on in, they are going to carry 10 per cent of the social assistance grants to the municipalities that represents the 10 per cent increase over the 80 per cent versus the 90 percent is going to continue to be a municipal grant, and the same thing is going to be for hospitals. That is what I meant by a one-shot deal.

I assume, just looking at the budget, rather than increasing -- let's talk hospitals for a minute -- the hospital commission appropriation by \$7 million or whatever it was, that they choose for political purposes to put it in here to make the \$48 million figure look as big as possible because it looks like it is municipal assistance. You can call it that. Is the minister saying that on an ongoing basis they are going to continue to carry and pay out money for social development and money for hospitals through this appropriation? Once the new program is in effect, of course, those payments are no longer relevant because the health and social development costs and hospital levies have been eliminated after this year.

So what I want to get clear -- where I am confused is the definition. When I said these are a one-shot payments, the minister said they are not. Are they going to continue to carry some of these costs in Municipal Affairs in future years? Could the minister explain?

MR. RUSSELL:

Well, I guess it is the same problem that we had with the bill. There was some criticism that various aspects of the plan should or should not be included in one bill. Again, the decision was that it is one package of assistance and should be in one bill.

The same thing applies here because it is a one-shot deal to the extent that the municipality moves into that area and takes those former millrate requisitions over themselves, for their own municipal use, without having to increase their own municipal millrate. To that extent it is a one-shot deal. It isn't a one-shot deal to the extent that they will be able to do that from here on. Those requisitions will now be covered by payments made from this by way of transfer to the various requisitioning authorities.

Now, the question as to whether or not this will go on year in and year out is debatable. This year we are doing it that way. There is actually the transfer from Municipal Affairs to the requisitioning authorities.

MR. HENDERSON:

So, I gather then what the minister is really saying is that for this year, because there is a change in the mill rate levy and a transfer of mill rates from these other services to Municipal Affairs, it is put in here and that makes sense. But another year -- that will have been done this year. That is the one-shot deal I was referring to. So another year they will be able to just look at municipal costs without social development and health or hospital costs, and health unit costs taken into account in the matter.

Really more of my concern, I guess, is to get back to the incentive grants. Maybe I could just pursue that point here very briefly before adjournment, is that when the minister takes the so-called incentive grants into the cost of adjusting the municipal assistance grants, I think he gets on pretty thin ice. For example, I know from municipal experience, as I am sure many other members do, that the government pays a third of something and you are paying two-thirds -- is an attraction to spend money. When the minister says that if they have an excessive expenditure in education costs, and keep below a total increase of 7.5 mills, they will pick up a third of it, this in itself on the one hand becomes somewhat of an attraction to make the municipalities involved overspend in some areas on school costs.

I look at the county system specifically, where the schools are under the direct jurisdiction of the municipal council. While there are other members on it, it is still basically under the jurisdiction of county council and they have the final decision. They have some latitude in shifting budgets back and forth and can do a certain amount of manipulating simply to get the increased grant.

It seems to me, stating it conversely, that tying the incentive grant in as a proportion of the supplemental school requisitions penalizes those counties and municipalities that managed to run their school without an increase, without levying a supplemental requisition. Of course, inherent in all this is the attraction of every municipality to postpone, when you tie it to mill rate, mill levies and figure out some way of borrowing money or taking it out of reserves one way or another in order to get the grant. And then the roof falls in.

Complicating it even further, it has been the practice of some municipalities -- and the one I live in, the town for example -- the town council for years pursued the policy that they don't adjust the mill rate by a quarter of a mill or a half a mill from year to year, but they were in the habit of holding the mill rate fairly flat for a fairly extended period of time until the reserves position dictated there had to be an increase in the mill rate. This puts a complication into it.

So it's the incentive portions of the program that I see as the main headache in the whole program because of the fact -- I just don't see how the minister can sit down here and come up with ground rules at this time. If they are going to deal with all the ways and methods and so on and so forth that the municipalities have used locally in arriving at their grant -- and very definitely the ground rules he has on the one hand encourage spending the money on school supplementals even if they are staying within the 7.5 per cent because there is some attraction about the one-third, two-thirds arrangement, fifty-fifty, somewhat the same way. On the other hand it discriminates against those who can stay within the 7.5 per cent and eliminates having a school supplemental requisition.

So I'd like to leave it now; we're approaching adjournment, but I'd like to get an understanding from the minister as to what the philosophical basis is for including supplemental school requisitions as the main parameter on which the incentive grants are determined. I find it difficult to follow that particular situation unless there is some way to patch up inequities in school grants. I don't know whether the minister can tackle it in the time available or whether this would be a convenient time to break, Mr. Chairman.

MR. RUSSELL:

Well, I can very briefly respond to that. There are two reasons whereby it was done.

I think the previous school financing plan had three years of experience and statistically it showed that the costs seemed to have found their levels. The plebiscite requirement before had brought school boards into what was probably going to be their reasonable classroom unit level of spending. So we had to say -- and I think it was a fair thing to say -- that because of that three year period, the plebiscite requirement et cetera, generally speaking across the province the school board costs and thereby the supplementary requisitions had probably come close to levelling at where they should be or where they were reasonably going to be.

When the Minister of Education brought out his guidelines for increased spending in the supplementary requisition there was, of course, a back-to-the-student level of support and the increase from the 6 per cent increase in spending to 7.5 was a sort of reverse plebiscite of philosophy broken into. But that was the first reason that we thought and it appeared reasonable to assume that those supplementary school costs had pretty well found a reasonable level across the province.

Secondly, the supplementary school requisition was the last big social service cost on the municipal tax rate. So the two methods were considered, whether it should be paid as a grant, some portion of it directly to the municipality in an effort to reduce the municipal mill rate, or whether those funds, the \$19.5 million should, in fact, be put into the school foundation program and thereby generally lower the requirement for the supplementary requisition. And the decision was made to tie it to this incentive thing, to say we will go to further support on the education foundation supplementary and as an incentive, because the guidelines on spending were there on the schoolboard part of the elected person, that we would try and make it attractive because it is a fair amount of money, to local councils by tying it into the incentive grant.

The net result to the taxpayer is the same. It is a reduction in that last line in his tax bill, whether it is via the school foundation or via the municipal council.

MR. CHAIRMAN:

I guess at this point we will adjourn until 8:00 o'clock tonight.

[Mr. Chairman left the Chair at 5:30 o'clock.]