

LEGISLATIVE ASSEMBLY OF ALBERTA

Monday Evening, April 30, 1973

[Mr. Chairman resumed the Chair at 8:00 o'clock.]

COMMITTEE OF SUPPLY (CONT.)Department of Municipal Affairs (Cont.)

MR. CHAIRMAN:

The Committee of Supply will now come to order. We adjourned on Appropriation 2131.

MR. HENDERSON:

If I could just pick up where we left off. The minister, I think, had outlined to us that the municipal assistance grants were the only area in which there was any flexibility to deal with what might be called a transition year in municipal taxation. I gather he said they weren't concerned about the inequities that might be created in basing an incentive grant on the school supplemental requisition, apparently in the belief that all the fat had been squeezed out of the school expenditures previously and that the supplemental requisitions were down to, shall we say, the lean meat end of the educational costs.

The minister hasn't said it, but it might expedite affairs if he would say it. Because he leads me to believe that what he is really saying is that in this particular year, being the transition year, in order to discourage the municipalities from simply moving in to pick up the savings that will accrue to them as a result of the increased grants for health and social service costs, including health unit costs, they have imposed a 7.5 per cent ceiling on municipal expenditures this year. Reading between the lines, I interpret the minister's remarks as indicating it may well be that the restrictions on municipal spending -- municipal mill rates they have placed dealing with the matter of qualification for the municipal incentive grants they really intend to only have in effect this year.

There is a major principle involved in the matter. And if this is really what the government is intending, it might set a lot of minds at rest if the minister were to say so. He hasn't said this, but reading between the lines and his interpretation, I've come to the conclusion that this may be what the minister has in the back of his mind. I am wondering if he would respond to that particular suggestion in whatever manner he sees fit. It might save a lot of debate if that is what they are really doing.

MR. RUSSELL:

I'll be brief. No, that's not a safe assumption. They are working, as far as I know, at least on a three-year cycle at the present time.

MR. HENDERSON:

So by that then the inference is -- the conclusion is -- that the department has set a policy that they are going to directly oversee all municipal spendings. It is the only way it can be interpreted. In order to deal with what they feel as to whether the incentive grant is merited or not, they're going to critically examine each municipal government's spending every year, and on the basis of that, by the seat of their pants, arrive at some sort of municipal assistance grant from here on out.

It will remain tied to the foundation plan, the supplemental requisition for education costs. This is the policy that this government has established

and will continue to make the decision as to whether this particular community should be undertaking financial responsibility to build some major recreational facility, and, in effect, become directly involved in any and all of the financial planning of every municipal council from the Province of Alberta. Because in what the minister has said, in order for a municipality to convince the government that its financial situation merits the municipal incentive grant, it is going to have to open its books -- they are open anyhow -- but demonstrate in factual terms to the minister that it needs the money. The government, the Department of Municipal Affairs, is indirectly going to start making major decisions as they relate to the financial affairs of the municipal councils.

MR. RUSSELL:

No, he couldn't be more wrong.

MR. HENDERSON:

Mr. Speaker, the minister says they don't have it entirely based on per capita assessment; they don't have it entirely based on road allowances; they don't have it entirely based on school costs. They have taken into account what have been the hospital requisition and the health unit costs. I don't know what they have left over to look at, because that represents the majority of the municipal council's business and its responsibilities and its operations.

So how the minister can say they are not becoming involved in the affairs directly to financial administration of the municipal councils -- I don't see how he can logically pursue that. Because he has said they are having to look at each and every individual case to see if they can justify giving the incentive grant or making exceptions to the incentive grant. How on earth can this do anything other than force the municipality to come in, hat in hand, to the minister and try to convince him that they have been operating the municipality efficiently and that they shouldn't be discriminated against by virtue of the legislation? I don't see how any other conclusion can be arrived at.

MR. RUSSELL:

Mr. Chairman, just to be very, very brief, what has happened this year is a major move of the province into the field of picking up the social services costs in two ways: either by refunding the major portion of the education costs to the residential property tax payer, or by directly taking over the responsibilities in the field of health and hospital costs and, to a degree, supplementary education costs at the municipal level. Now the decision as to whether the local council avails itself of the incentive grant is theirs. They don't have to do it at all. If they say we want a higher level of spending, that's their elected council and they go and do it. But there is enough money in there that I think would make it attractive for them not to do it. Besides that, as a result of the discussions we had with them, there is a three-year flexibility factor in there allowing them to build up credits or deficits over a three-year period towards that.

So I think it's a fairly attractive incentive plan. Once they earn the incentive grant, it's absolutely unconditional. They can use it for operating expenses to reduce their mill rate if they so desire. They can use it for a capital project. They can put it in a reserve and invest it. What they do with it is up to them. It's absolutely unconditional. In that regard it is more unconditional than the former municipal assistance grants which were conditional with respect to pollution control matters.

So I think it's very straightforward. This year is a year of change, because if you have -- again I'll take the case of the City of Medicine Hat: 26 mills for municipal purposes and 3 mills for social services, giving them a total of 29, but only 26 to spend for municipal purposes. This year, without raising their mill rate, for example, they would have 29 mills to use for municipal purposes. They are still levying the same mill rate, but they don't have to hand out the other 3. In addition to that they get an assistance grant, and if they want to earn it, the incentive grant. If they earn those grants, they can spend them on whatever they want. There are no strings attached. So that's a real capsule simplified statement on the thing.

To say that we are going to get involved to the extent the Leader of the Opposition paints is not quite correct and I think it would be the wrong impression to leave. The most recent municipal council that I heard from was the City of Medicine Hat. They are very pleased. The word I get is that they have the lowest residential mill rate in 10 years. They have raised their mill

rate one mill. They have put expenditures up 1.75 per cent. They have a credit of 5.25 per cent on their flexibility factor to apply to next year, and the impression I got in speaking with Alderman Davison last week is that they are pretty pleased with the plan.

MR. HENDERSON:

Mr. Chairman, of course the minister is really stretching his imagination when he uses the argument of pollution control justification for what this government is doing. Because I'd like the minister to outline to me where a single municipality lost its grant because of pollution control measures. It's just comparing mice and elephants, really. His imagination is really running away with him and of course he knows that won't stand up under scrutiny. But here we have the government saying to every municipal council, unless you come below the 7.5 per cent guideline and have a supplemental school requisition you receive no municipal incentive grant. Every municipality that chooses to try to go otherwise is going to come running hat in hand to the minister, sit on the minister's doorstep and try to convince him of the injustice of the particular approach of the department. So very clearly they are getting involved in it. If they aren't getting involved, there is no need for the 7.5 per cent guideline.

In addition, the minister, in some of his earlier remarks before adjournment stated in general terms, that one of the reasons for the guideline was so the municipalities just didn't simply absorb all the revenues that are going to accrue to them from the new tax program and increase the mill rate besides. And, as a transition year for the one year, I have to recognize there is some political logic in that. But when the minister talks about extending it beyond the one year, it is a different matter entirely. Because what each municipality that has trouble right now qualifying for the incentive grant is going to do -- and it isn't tied to spending, Mr. Chairman, it's tied to mill rate. So what do they do? They simply draw the reserve down to nothing, or they just run on bank overdrafts as long as they possibly can before they are forced to face the music, and then the roof will fall in. By that time they have been forced so far into financial mismanagement by the province, that they have no choice but to levy a substantial increase in their mill rate and lose the 7.5 per cent on top of it.

If anything can be more short-sighted it has to be a policy that is predicated on the ground rules that the minister has laid out, because he is forcing every municipality not to restrict spending, but cut their mill rate, spend their reserves, run on bank overdrafts. They can do all these things until finally their credit runs out and they are in such a horrible situation that they can't avoid doing anything else than to up the mill and lose the grant on top of it. So the municipalities that are behind the eight ball now under the program are going to even be worse off at the end of three years. Because, if they are in the financial situation that they feel they have to increase the mill rates in order to qualify for the incentive grant, and they cut their mill rates in order to stay in it and maintain their spending, they have to find revenues elsewhere.

There can be no doubt that the Department of Municipal Affairs is going to be directly involved in the management of the financial affairs of every municipality, unless the municipality happens to be fortunate enough or meek and mild enough to go along with the government's decree and cut their spendings back.

A program that is aimed at curtailing spending would have had some merit. But they are not trying control spending. They are just trying to control the tax rate. And the way they structured it, the municipalities that simply can't make it are going to have run themselves into the ground financially in order to try to get the grant. The municipalities that are in difficulty now will find themselves even worse off three years from now. So how on earth the minister can say that the government isn't directly intervening in the decision making on the part of municipal councils as to what they feel their taxpayers want and are prepared to pay for is beyond me. Besides which, I can't really see that it's any business of the minister if the taxpayers locally decide they want to put the mill rate up and are prepared to pay for something in financing.

I think that what stands out even more clearly is that at least under the school program, the taxpayers have the right to force a plebiscite to determine the spending. Then the voters decide whether or not to spend the money. But under this particular proposition, the taxpayers locally don't even have that prerogative. The governments going to decide if you don't go along with it, well then, they'll simply cut the grant off. I suggest, Mr. Speaker, that if the minister would stand up and say that it's only a one-year restriction, that

would resolve a lot of debate. When it goes beyond the one year he's in a highly untenable position and so is the government.

MR. NOTLEY:

I wonder if I could ask the minister whether there have been any changes, Mr. Minister, in the municipal assistance grants -- I'm not talking about the incentive grants but the municipal assistance grants -- since the letter of January 22, whether any of the figures set out have been changed?

MR. RUSSELL:

I don't know what the letter of the twenty-second was, Mr. Chairman, but there was one sheet in the mailing that went out originally that had some typing errors. Now that was quickly corrected. So that was one correction. Several weeks later the City of Camrose requested us to review their grant and insisted that they thought it was wrong. We went back to the task force office, did the recalculations and did find a mechanical error, and so we checked them all. Camrose was the only one. So originally, early in January when they first went out, there was one sheet in the set, and I think it was either an MD's or county's, where some of the figures were incorrect, but that was a typing error -- and then the City of Camrose -- but those were the only changes.

MR. NOTLEY:

Mr. Chairman, I listened to the minister's explanation. I am still a little puzzled though by some of the disparities that I notice among the cities. The Member for Wetaskiwin-Leduc has discussed some of the municipalities and the counties, but we have quite a difference between, for example Red Deer which will be getting \$7.16 per capita and Medicine Hat with \$2.01. The assessment I notice is very, very close to being equal, \$63 million against \$59 million. Yet the Municipal Assistance Grant is approximately \$50,000 in the case of Medicine Hat and \$192,000 in the case of Red Deer.

I am wondering if there are any other calculations, in addition to the points you raised in answering the Member for Wetaskiwin-Leduc, which went into the computation of the city municipal assistance grants.

MR. RUSSELL:

No, Mr. Chairman, I covered it when I spoke earlier on it.

MR. ZANDER:

Mr. Chairman, I think the comments the Leader of the Opposition made just a few moments ago, are strictly utter nonsense and a lot of garbage hauled across this Legislature today, because I have spoken with and taken pains to contact most of the municipalities and counties in my area, the towns and villages, and I would say that 99 per cent of them are pleased with the program. Today they will be doing as much with public works as they have in the past, and in practically all cases they will stay within the guidelines as set out in earning the incentive grants. Also, their grants -- and some of them, I found, were a little bit low -- but in recalculation they found that they were well able to stay within the guidelines as outlined.

Now, the only place that there is a little bit -- I've discussed this with them -- and that is the capital roads grant which they have under the highways program. I think some of them lost about \$15,000, but this has been offset by additional secondary road grants in those municipalities. All in all, Mr. Chairman, I can say all the municipalities in my area that I have contacted are certainly not opposed to the program, they are happy to go along with it, and most of them are not using their surplus as indicated by the Leader of the Opposition, but will end up with a handsome surplus. I have looked at two or three budgets that have been prepared, and they are going to end up with a larger surplus than they had in the previous year.

So all in all, Mr. Chairman, I think that what the hon. Leader of the Opposition has tried to illustrate in this House is not true. I think if the hon. Leader of the Opposition had contacted some of the villages in his area as I did, he would have found that they were very happy. They had more money this year than they had the year before or the year before that. So I think, Mr. Chairman, that all in all the program looks like a very good program and they do believe there should be a guideline. Now that 7.5 per cent is a very good guideline to stay within their means. In some cases they have the problem of bargaining with salaries, but they feel they can stay well within their budget and still come up with a handsome surplus.

MR. HENDERSON:

Mr. Chairman, since the member seated opposite seems to be a self-appointed expert on what the Leader of the Opposition knows, I just take the time to read into the record some of the correspondence I have received. This one is from the council of the County of Wetaskiwin No. 10. It was written to Mr. Russell, a copy of which I received.

The Council of the County of Wetaskiwin No. 10 respectfully wish to make known its views to the Minister on the new proposed Property Tax Plan involving Municipal Assistance Grants and the absorption by the Province of Hospital, Health Unit and Auxiliary Hospital requisitions.

This County has been told for a number of years by the Department of Municipal Affairs to bring its financial standing into good shape. Over the past several years this County has done just that, but in doing so had to tighten its belt and this was done, of course, by restricting spending.

As you are aware the ratepayers in the Western area of this County are impatient. Although they have been getting their share and more of the monies spent each year, it has not been sufficient. When the new government announced it would be making changes and municipalities could anticipate welcome news, the municipalities awaited in eager anticipation.

However, things were not to be. The taxpayer, on the surface, is being given a boost in refunds by the Province and this of course makes the Province look good as it should. On the other side of the coin, municipalities, although told that \$6,000,000 would be added to the Municipal Assistance Grants for Municipalities to raise it to \$48,000,000, soon found out that the Province then withdrew \$14,000,000 from the same fund to pay for Hospital and Health Unit requisitions.

On top of this, a formula -- [which we still haven't seen] -- 22 pages of which was to have been sent to municipalities, was adopted which re-evaluated amounts which would be granted to municipalities. This meant, that in the case of this County, a loss of \$95,807.00 was incurred and this County was only one of the many municipalities that suffered in the same way. Further to that a 7 1/2% limit was placed on budgeting for 1973 and to further complicate matters, part of the Municipal Grant was labelled "Incentive Grant" which will be payable only if the municipality stays within the 7 1/2% limit.

This County, as stated, is losing \$95,807 in the Municipal Assistance Grant for 1973; it gained \$59,272 in relief of Hospital Grants, meaning a net loss of \$35,334.29 and this is taking into consideration a saving of 10% on Welfare grants.

Further, this County anticipates no more than a \$150,000 increase in assessment, which, based on 85 mills is \$12,750. Add to this the fact that School Budgeting is also being severely tested due to limitations in grants available and the 7 1/2% limit on supplementary requisitions.

To go back to an earlier statement regarding the western area of this County --

which has a lot of similarities to that of the Member for Drayton Valley

-- you are as aware, as is this Council, that the taxpayers in that area are clamouring for more and more services, in particular, road construction to open up more roads and maintain them. This takes a large amount of money and it was hoped that this would be recognized by the Government.

Still we have a municipality that is still in the developing stage that doesn't have the amount of roads. Part of the formula for the grant includes the roads. They put a ceiling on it so they can't go ahead and develop the roads without losing more financial assistance from the province. Those aren't the writer's words, but mine.

May we therefore, respectfully petition the Honorable Minister to review the situation carefully. In order to provide the services required in the County, particularly the western area, financial help will have to be forthcoming from the Province if any reasonable dent is going to be made to further develop this area.

It has also been rumoured now that the municipalities will be responsible for hospital and health units deficits incurred in 1972.

Now maybe that's been changed, I don't know.

From what this Council has read and from what it has been told in the past by the Minister, it is hoped this is only a rumour.

This County is now in a stable financial position; it has taken years to arrive at this position. Please do not reduce us to our former "deeply in debt" position, arousing the ire of the taxpayer, the Inspection Branch of the Department of Municipal Affairs and our auditors and causing us once again to pay out thousands of dollars per year in interest to the Bank.

This is another point I have been trying to make. They are simply forcing the counties, if they are in trouble now, to dig into reserves and borrow money and drive them further down into financial chaos.

Our western taxpayers want roads. This Council would like to give them the roads, but with the monies available it will take many, many years; years in which discontent, not against the Province but against the Municipality, will continue to grow - a situation that is unfair, as it is not created by the Municipality.

Your consideration is herewith respectfully requested.

And this is signed by the reeve. I presume the minister has read it. While the hon. Member for Drayton Valley may have any problems related to it -- I have also inquired, for example, of one of the cities -- the only city in my constituency -- and they are just on the borderline. The thing they are afraid that is going to put them over is the ground rules which are followed by the RCMP for policing. They have an RCMP contract. The RCMP says, put another constable in. If they put him in the city is forced to pay for him, which theoretically could put them over the 7.5 per cent limit and they are in a far worse position than they were before the program ever came in. One of the other towns in my constituency also finds itself a very borderline case and they all say, in the final analysis we will just have to eat up our reserves and borrow from the bank because we can't afford to do without the municipal assistance grant.

To say the minister is going to give them three years leeway at 22.5 per cent, or whatever it is, and let them use 15 per cent of it this year, may take the heat off this year. But if this policy is to continue, all it is doing is forcing the municipalities to bury their heads in the sand, swallow hard and ruin their financial position -- in many circumstances simply with a view of getting a grant from the government. There is absolutely no way any business or any municipality could possibly go about trying to manage its affairs in that manner and be considered anything other than a poor businessman and irresponsible.

If the government persists in this policy there is no doubt when the bind does come three years from now, after this three-year period is eaten up, we will then have the Minister of Municipal Affairs or his staff saying, oh, they have mismanaged their finances. I just want to get it on record at this point in time that the policy which has been adopted by the government where the minister is flying by the seat of his pants relative to the assistance grants in particular, but also the restrictions in spending on the municipal incentive grants which have been developed, the responsibility is clearly going to rest with the provincial government.

Sure, it may be that putting a three-year limit is going to foist the problem off until past the next election; obviously that may be in the best political interests of the government, but nobody in their right mind can argue that to drive them into that financial situation is in the best interests of the municipalities.

As I said earlier, if it is a one-year deal because of the transition year, I think the municipalities could probably afford to live with it. They have to live with it. They can't afford to do otherwise and lose the incentive grants. Of course, the incentive grants basically represent the substantial portion of the increased cash flow to the municipalities. If they don't qualify for it, it is going to be a big farce as far as all the additional moneys gone to municipalities because the government won't be paying out a nickel for it. I don't suggest they aren't going to pay out more than a nickel. They are probably going to pay out a substantial portion of it, probably all of it. But in the process of doing it they are forcing the municipalities into very unsound policies relative to their financial administration.

So I have talked to the municipalities, the councils, and so on in my constituency. They say they'll live with it because they don't have any choice. They can't afford to do without the incentive grant. So dig into reserves, borrow from the bank, do anything to make the program look good for the government and also get our share, but we are heading for disaster if we have to continue that very long.

MR. BENOIT:

Yes, Mr. Chairman. I only wanted to say that with regard to the minister's timing of the release of the working paper, only time will tell whether he is wise or unwise in it. I think, myself, it is a mistake if he hopes to stave off any criticisms of the government by delaying the revelation of the working paper.

Sure, a lot of the municipalities may not be criticizing at this time. Some of them have received more money than others and they are not going to say much because they don't want theirs reduced or comparisons made, necessarily. Those who haven't got enough are not saying as much as they would like to say because they don't know what they are working on. They have no idea what the working paper or the formula is all about. So I respectfully suggest that since the figures have been released a long time hence and since some of the criticism has already been levied, it would be in the interest of all concerned -- we on this side of the House and the municipalities and all others -- the sooner the working paper was released the better, if indeed there is one.

I have become suspicious that not only in this area but in several others, where moneys are being loaned out, that there are no guidelines or formulae by which these things are done. They are being done by more than one department, as has been said, by the seat of the pants. I think it's time that we knew, in all fairness to all concerned, what the guidelines are so that we could at least get the thing out in the open, find out why we're in the position that we're in and where we are going so far as the next years are concerned.

MR. ZANDER:

I just wanted to make one comment, Mr. Chairman. I think the hon. Leader of the Opposition read out the letter from Wetaskiwin which is the one that I said I know of. But he didn't mention the other ones. Leduc -- he mentioned Leduc, touched on it briefly, said they are going to be just on a break-even basis. He didn't mention the village of Thorsby or Calmar, Devon or Breton or Warburg and each one of them, in judging and looking over their budgets or their proposed budgets, it looks like a gain for these villages in there from 9 to 10 mills.

Now I grant that there is a peculiar case in the case of Wetaskiwin. In taking the total moneys that they will receive from the province, it is still going to be an increase, including their secondary and capital road grants, considerably over what it was last year.

Now if the hon. Leader of the Opposition read that letter -- I had the same copy of that letter and I found out that they have got difficulties. But certainly he mentioned only one out of the total number that are in that same area. In the town of Drayton Valley they are going to gain something like about 10 mills. I was speaking to the mayor just yesterday and he said "We will be able to cut our mill rate by at least 4 mills."

Now if this is a good package for the other ones with the exception of one, I think it has to be looked at in that very same area and perhaps, as the minister has agreed, he will look at the one in the particular County of Wetaskiwin. They have a low assessment. I believe it is around \$12 million. The funds are not quite available; the industry isn't there. But certainly you can't pick on one and say that this one throws the whole works out of kilter, because the other ones seemingly can reduce their mill rates.

So I can't agree with the hon. Leader of the Opposition that because one doesn't fit in there you should simply throw the whole thing over.

MR. HENDERSON:

Mr. Chairman, of course we're trying to gain access to some of the information that obviously the hon. Member for Drayton Valley has as a member of the task force. But I don't think it's the Member for Drayton Valley, I hope, who is making the decisions relative to the allocation of these funds. His logic doesn't overwhelm me at any particular point in time.

MR. ZANDER:

Yours doesn't either.

MR. HENDERSON:

I point out the ones that can stay in it without any trouble, fine, they're happy. But when I've got the county of Wetaskiwin, the city of Wetaskiwin just borderline, the town of Leduc say they'll have to stay within it, they can't afford not to and so does the town of Devon. And some of them are simply digging into reserves or borrowing money in order to do it.

I can only assume that there are many instances throughout the province where similar -- certainly some municipalities are going to benefit by it -- but obviously if the member opposite who has all the answers wants to make all the information available to us as to how the government arrives at all the grants -- and I hope it's not by the seat of the pants of the Member for Drayton Valley. But even if it is, we might find out at least why they did it, whether we like it or not because there are simply too many inconsistencies when you look through all the data on assessment rates, spending and so on and so forth.

Here's the municipality, the county of Wainwright, the municipality of Wainwright. They get \$63 per capita. Here is Smoky Lake with an assessment, \$800 less per capita, getting \$59. The municipality of Wainwright has 2,500 miles of roads and the one in Smoky Lake has 1,500. In effect by the policy, the government is saying Smoky Lake, you're too late, we're not going to give you money to build up your roads. If you had the roads, presumably you'd get a bigger grant. But since you don't, if you can't stay within the 7.5 per cent you don't get the incentive grant.

What sort of equity is this? When we talk about trying to apply a policy of this type and make it fit Wainwright, which is a different type of municipality entirely as far as the state of development is concerned compared to the county of Smoky Lake, the west end -- all along the foothills area in northern Alberta are all basically in the same position. And the government, when it says the road grant is one of the reasons for giving a lower grant to lower the mileage, presumably to lower the road, is in effect saying you are not entitled to more roads in this area. At least you are not going to spend your municipal money on it.

That's the only conclusion you arrive at from cases like Wainwright and Smoky Lake and there are dozens of them one after the other. In some cases where they have reduced the grant, they probably should be increasing it so that they can bring their roads up to some sort of minimum standard in these areas. Maybe the Member for Drayton Valley with all the oil field assessment out there is sitting fat and sassy. But that is no consolation to all these other municipalities that aren't in such a favourable position.

So I suggest, Mr. Chairman, that it is incumbent upon the government to explain some of the inconsistencies. Because how on earth they arrive at a situation like that where, as I say, the assessment is 40 per cent per capita lower and get 800 miles fewer roads and \$4.00 less per capita, and how they tie it in with the other grants is beyond me. Because the minister has said they are really using the municipal assistance grant as a shock absorber and any adjustment they have to make to comply with their version of what equitability is, that is where they are making it. If the municipality doesn't get it, too bad. They just missed out on that much money for roads and other improvements.

Or is the minister making exceptions for roads? In the municipalities that are still in a state of development, I don't know. There are some that are large but have few roads. Maybe he is taking that into account. Is he exempting from these, 7.5 per cent spending communities that just got themselves into a civic project of some sort? Two or three mills for an arena started last year? Maybe they built the thing last year and are just putting the levy on this year.

I think the minister is expecting us to take an awful lot on confidence and faith. I think if we abandon this exercise, we are quite frankly saying to the municipalities, well you just have to go hat in hand and beg to the government to make an exception for your case so you get your share of provincial financing. That's the only conclusion one can arrive at.

MR. RUSTE:

Mr. Chairman, dealing with the second part under social services, my question to the minister is that hospital boards negotiating on staff salaries or increases, who would pay the increase?

MR. RUSSELL:

Mr. Chairman, I think that goes back to what the Minister of Health and Social Development spoke of in the question period today. They are now on global budgeting and we have picked up that portion of the supplementary requisition. So they are responsible for their own.

MR. RUSTE:

But I understand, according to this, the province will pay 100 per cent of hospital requisitions. In other words if the hospital, we'll say the hospital in my area, requisitions the department for the costs including increased salaries in the hospital operation, salaries are the largest part of the operation -- they will get paid for that?

MR. RUSSELL:

Well, if it is an approved requisition that the municipality would have received the province will then pick it up. But they are now on global budgeting and that's where the decision of the local hospital board comes in.

MR. NOTLEY:

Mr. Chairman, I wonder if I could just follow that up a bit then. Today, if I understood the Minister of Health and Social Development correctly, he suggested that if the Royal Alex Hospital Board settled or arbitration took place, and there was a substantial increase in salaries for nurses over and above the figures for global budgeting, that is the amount in the initial budget that was sent to the commission, the hospital board would simply have to cut their suit to fit their cloth. In effect, they might have to eliminate other services. If I understood you correctly, there is at least some option for them to levy an additional requisition.

MR. RUSSELL:

No, there is no additional requisitioning procedure left this year. As of January 1 this year, the province has taken over last dollar support of these hospitals, but on the global budget basis as outlined by the minister in the question period today.

MR. NOTLEY:

So that, Mr. Chairman, then the province will not pay any additional moneys once the global budget has been approved by the Hospitals Commission. That is it as far as the province is concerned. And if, as a result of negotiations that took place after the budget was sent in by the hospital board and subsequently approved by the commission, unforeseen negotiations resulted in a substantially higher wage settlement, that would simply have to be deducted from other services?

MR. RUSSELL:

I think, Mr. Chairman, we are now bordering on the area of the hypothetical. The way these grants were arrived at is that we took the total supplementary requisitions that had been submitted in 1972. They were estimated at \$7 million, or just under \$7 million, whatever the figure was. Allowing for the natural increase, we have included that \$7 million figure in the supplementary requisitions that can normally be expected to be received by municipalities from their requisitioning hospitals. We have said the province will pick up those costs and the municipality can then move into that area as municipal taxation.

The remarks of the Minister of Health and Social Development with respect to the responsibility of having to work, then, within the global budgeting concept as to the basic provincial support plus their share of that \$7 million supplementary requisition still stands.

MR. NOTLEY:

Mr. Chairman, this is really moving on into something we can discuss in more detail under the estimates, I suppose, of the Department of Manpower and Labour. But it seems to me that if the global budgeting concept is going to work effectively at all, we should be encouraging hospital boards to work out contracts so that the contracts come due when the board is, in fact, considering the budget that it intends to submit to the commission, so that they are in a position to submit a budget which means something rather than one which is thrown completely askew as a result of either an arbitration settlement or a collective bargaining settlement three or four or six months down the line.

MR. RUSSELL:

Well, absolutely, Mr. Chairman, there is a great deal of merit in that suggestion. Hopefully that's something that we'll work into this that will improve the system as we work with it down the years. Because again, if you venture into the field of the hypothetical, what would a local hospital board do if they had some kind of horrendous settlement imposed upon them? What have they done before? It's my understanding that hospital boards either budget according to a contract which they have settled or they build in the cushion that they expect to be able to settle for in the next year's budget that they are submitting. This may include allowances under the global scheme and then the extra taken up with their supplementary requisition.

As a matter of fact, the provincial government, in a way, does the same thing. It may not have settled with its bargaining units within the civil service, but notwithstanding that, passes a budget which it thinks is sufficient to overcome those increases. I suppose that gets back to the local autonomy we were talking about some days earlier with respect to the local hospital boards. What can they do? This is one thing. They can budget, particularly with respect to local labour costs.

MR. NOTLEY:

Mr. Chairman, Mr. Minister, there is one very important distinction, though. The provincial government can, through special warrants, if a settlement is negotiated with the civil service alliance, raise the funds. The problem the hospital boards face is that all they can do is cut services or end up with a deficit which may or may not be picked up the following year in the global budgeting for the forthcoming year. They are in a position where they have to play Russian roulette and in a sense guess at what the government is going to do.

MR. RUSSELL:

Well, that's true only to a degree Mr. Chairman. Again, I think, you know, we are thinking about the worst situation in a hypothetical situation.

The fact that the province is now picking up the supplementary requisitions by way of these grants is not a blank cheque to hospital boards throughout the province to settle that whatever. Presumably they are still going to maintain the same responsibility which they had before if they were trying to settle at the best rate and keep their lowest requisition into their municipal government. But instead of that requisition going to the municipality, it's coming to the province now.

This \$7 million fund in here is estimated on the best projection we've been able to come up with as to what the total supplementaries would be this year. But, I agree, it would take one wild exception to the rule and those figures would be thrown off. But the situation, notwithstanding, is no different than if the hospital came to the municipality and requisitioned it for 14 or 15 mills, as they might come and requisition the province for 14 or 15 mills. I think the desire and the responsibility and the estimated projections remain the same no matter who is picking it up.

MR. TAYLOR:

I wonder if a hon. minister would indicate who pays if the hospital board does have a deficit at the end of the year? Is that going to be taken out of the next year's budget or who pays? They can't now and go charge the ratepayers. So it looks like the only people who could pay would be the province, or is there something else in mind? What happens if there is a deficit?

MR. RUSSELL:

That's not completely correct. It is expected that they would finance their own deficit.

MR. NOTLEY:

Mr. Chairman, does that mean that the government would authorize boards to levy some sort of utilization fee to fit their particular needs? If they've got a deficit of 10 per cent to, say, levy a fee of say \$5 or \$6 or \$10 a day?

MR. RUSSELL:

No, Mr. Chairman. The ground rules for hospital services and the level of care and the global budgeting remain exactly the same. The estimated supplementary requisitions are maintained at the same level as have been projected over the past few years. So nothing has changed.

What is coming out of these questions in this discussion, is sort of, well, what if something happens, the unusual case? And I'm saying two things. First, if a hospital board wishes to, presumably it could finance a reasonable deficit if it so chose.

MR. HENDERSON:

Oh, no --

MR. RUSSELL:

Wait a minute. Second, this scheme is not meant to be a blank cheque to hospital boards throughout the province to hand in requisitions where the sky's the limit. So the guidelines to control are still there. The only difference is that the person who is signing the cheque to cover the supplementary requisition is at the provincial level as opposed to the municipal level.

MR. RUSTE:

Mr. Chairman, do I take it then from the minister's statement, that if I sit on a hospital board and I grant an increase to the staff on the board, nurses and others, to the extent that we granted ourselves and that's responsible -- would the province pay for it?

MR. RUSSELL:

I'm sorry, I didn't get that.

MR. CHAIRMAN:

Do you want to repeat that?

MR. RUSTE:

I sat on a hospital board several years ago. And let's assume that I'm on a hospital board and the hospital board decides to grant an increase to the staff on that board, proportionate to what we granted ourselves as legislators about a year ago. Is the province prepared to pick up that increased cost -- or pay for that increased cost?

MR. RUSSELL:

No, Mr. Chairman. I've mentioned several times this evening that the responsibility to budget within the global concept, that they've always had as board members, still remains. But the bill -- well I'm sure that the hospital board that requisitioned to the town of Wainwright didn't simply grant a wage increase where the sky was the limit, and then expect the town of Wainwright to pick it up. Presumably they settled at the best absolute rate they were able to bargain for and then they submitted that requisition to the town of Wainwright, didn't simply grant a wage increase where the sky was the limit and then expect the town of Wainwright to pick it up. Presumably they settled at the best absolute rate they were able to bargain for and they submitted that requisition to the town of Wainwright which then paid it, because the funds they got from the province were not high enough.

Everything under this system will remain exactly the same except that the requisition which would have been handed to the town of Wainwright is now handed

to the province to pay. But that doesn't mean you take the lid off and the sky is the limit, there is no control any more. The \$7 million is based on the past record and the future anticipated record of supplementary requisitions. And it will be very simple for the Minister of Health to see if one of the boards breaks in a dramatic way from the established pattern.

MR. HENDERSON:

Mr. Chairman, that is, I think, really rather ridiculous, if not misleading, because unless the government is going to do something different, the hospitals commission still has to prove any requisitions. For the minister to stand up and say, "Well, the hospitals will submit the requisition, the government will pay it," is really meaningless because if the commission doesn't approve the requisition the government doesn't pay a nickel. Is it just an automatic exercise that the minister is talking about? I think he should clarify it because in my understanding the hospitals commission is still going to obtain the authority to approve or disapprove requisitions and the hospital board is not going to submit a requisition and get paid unless the commission approves.

MR. RUSSELL:

Well, Mr. Chairman, all I can do is refer the members again to the guidelines that went out March 26; again refer them to the guidelines where the payment of hospital requisitions was outlined; refer them again to the amount that is covered in this year's budget for that, and to the system whereby nothing has changed except there is a different level of government writing the cheque to cover the supplementary requisition.

MR. TAYLOR:

One further question, Mr. Minister. Where the hospital board finances its own deficit, is that tantamount to saying that the following year that would have to come out of their next grant? So they are really spending next year's money if they have a deficit?

MR. RUSTE:

Mr. Chairman, going back to the grants, admittedly there is a change going on, but they are having difficulty in knowing just where they stand in relation to this year's budgeting. Now, I received a copy of a letter that the Minister received from the town of Provost. I'll just read it to express the concerns that they have. Some of this may now have been corrected but some certainly, I don't think, to their satisfaction at this time. It is addressed to the minister:

Re: Municipal Assistance Grant 1973 - Town of Provost.

Recent correspondence from Deputy Minister A.W. Morrison of January 22, 1973, states that the Municipal Assistance Grant to the Town of Provost for 1973 will be \$5,813.29 with a Municipal Incentive Grant of \$13,880.00.

Our last year's Municipal Assistance Grant was \$31,447.00. This leaving a deficit of \$25,633.71 which converted to 1972 mills is 9.27 mills. 9.27 mills on our present municipal tax base of 31.98 mills is a 29% increase in the municipal tax levy rate. This does not allow for an increase in municipal costs such as salaries and rapidly increasing R.C.M. Police contract rates.

Now I understand an agreement has been reached with the Attorney General as far as this RCMP part goes, so that one is not a concern now. But going on with the letter:

Therefore even without any change in municipal costs we are unable to qualify for the Municipal Incentive Grant. Even with the Municipal Incentive Grant of \$13,880.00 our municipal tax levy would be increased by 6.36 mills.

We feel that either situation is grossly unjust to the taxpayers of Provost.

Since we are in the process of establishing our 1973 budget a reconsideration of the reduction in the Municipal Assistance Grant to the Town of Provost is urgently requested.

If there is no change any relief to the taxpayer as presented to the citizens of Alberta in the form of homeowner grants will be almost nullified by our increased mill rate.

I am sure this was not the intent of your recent government policy announcement.

Your immediate attention and clarification of our town's exact position regarding Municipal Assistance Grant is necessary for our budgeting purposes.

Yours sincerely,

Signed by the Mayor, the Town of Provost.

Now I just mention this because in speaking to the mayor just recently I found that he hadn't received a direct reply to this letter, although there had been form letters coming to the office explaining this.

Now I don't know whether or not the minister has a further reply to this at this time, but these are the concerns expressed in some areas.

MR. RUSSELL:

Mr. Chairman, as far as I know every letter we received was answered even if it said, we are looking at your concerns and you will be hearing from us later. On March 26 every municipality did receive the revised guidelines as a result of the discussions we had with the two municipal associations.

Now I can say that some of the concerns, for instance those expressed in that letter, have been removed simply by adopting the suggestion of the AAMD & C allowing municipalities to take their choice of budgeting their increase on mill rate or total expenditures. In the case of a municipality that had substantial sources of revenue other than those raised by a mill rate levy, and that is, grants and other sources of revenue, this was fairly important. So that was one important change that was made.

But I keep going back to the vote we are discussing here. The amount of funds there has gone up \$6 million over what it was last year. Now the easy way would have been just to tack this \$6 million on and not try to do anything with the system, or change the areas of responsibility, or phase in the budgeting with respect to these substantially increased homeowner grants. I suppose we could have saved ourselves a lot of correspondence and a lot of debate in the House. But what we are trying to do in this first year is three things: give the residential homeowner substantial relief; shift the areas of responsibility that the municipal property tax base has to bear -- and there's been a substantial move there in the second item, the social services item, under 2131; and at the same time provide some reasonable means of control whereby the municipalities can move into this vacated field at a reasonable rate of increase without eating the total vote in 2132 in one gulp.

I have never tried to hide the fact that is what the concept of budgetary controls is all about. But in order to encourage municipalities to do that the concept of the incentive grant was there. I can bring the letters out and read you one from a municipality that is very happy with the scheme and that would balance a municipality which isn't happy. I guess we could do that all evening.

But I go back to a rather substantial increase in excess of 14 per cent in the field of direct assistance to our municipal governments this year. I think that is a fairly substantial increase when you compare some of the other increases in the budget. So I think what is bothering some of the municipalities, not all of them, is that the ground rules have changed. But certainly there was adequate advance warning that that was going to happen, that the days of the old municipal assistance grants on a universal basis were over.

MR. RUSTE:

Just further to that, Mr. Chairman, to the minister. I think there is a concern too about what happens next year and the year after that in light of what is happening this year. This is one of the things they have expressed to me as well.

MR. FARRAN:

Mr. Chairman, further to what the minister said as I understand it, \$48 million worth of assistance to the municipalities comes in three forms. First,

\$14 million is assistance in kind, which is taking over the hospital and health requisitions and half the net cost of municipal welfare. Further, almost \$20 million is in the form of incentive grants but it is tailored on the basis of reducing supplementary requisitions for education by at least one-third. Finally, there are \$14 million worth of cash unconditional grants.

If a municipality takes a short-sighted view and says, look, we are only concerned with cash and not with the relief of these human resource programs, certainly then they can say that there is a reduction in cash from \$42 million down to \$14 million in unconditional grants. But then they are forgetting the balance of the other \$34 million which is hitched to direct relief from human resource programs which they have been complaining about, the costs of which have been so difficult for them to control.

The \$14 million of unconditional grant is being paid out on the basis of need. On the old basis, it was paid out primarily on a per capita formula and the population was often arbitrarily multiplied by a weighting factor to which little rhyme or reason could be attached. Sometimes populations were multiplied by two, sometimes by three, and sometimes by four. The simple answer is that in the total package municipalities in Alberta are at least 25 per cent better off than in the days when the municipal assistance grants were frozen at \$38 million.

MR. HENDERSON:

Well, Mr. Chairman, if the government had gone back to what it condemned us for, putting a ceiling on the oil royalties, it would even be better off than that. So, as far as the Conservative party is concerned, this doesn't prove anything. When we hear about all the happy people, sure there are going to be some happy municipalities and I am pleased to see that.

We are not arguing about the total amount of money, though. We are trying to find out how on earth the minister is going to dish it out. Apparently every member of the Conservative party who is in this House has the information. The hon. Member for Drayton Valley apparently has all the answers. So we have these gentlemen seated opposite who know everything and refuse to make the information available to the Legislature. Still they ask the Legislature to give them a carte blanche to let the minister, by the seat of his pants, determine what is going to happen to the money. Some of them, I am sure, are going to be tickled pink.

Here is the county of Vulcan, which the hon. Member for Little Bow is probably as happy as all get out about. They got \$21 per capita last year, and this year, according to my arithmetic, they are going to get \$40. Well, who wouldn't be happy with that?

Then I go up to Stony Plain. They got \$21 last year and they are only getting \$11 this year. But the hon. Member for Stony Plain doesn't worry about it.

Provost got \$21 last year. They are getting \$13 this year. Then we go on down. Here is Blairmore tickled pink. The hon. Member for Pincher Creek-Crowsnest ought to beaming. They got \$21 last year, and this year they are getting \$38. Then I look back and try to figure out how on earth the minister has arrived at this.

I take a look at Vulcan. They are getting \$32 per capita in the form of municipal assistance. They have a population which is just 200 people less than the town of Didsbury. They have got 200 people less; their per capita assessment is about identical. Didsbury is getting \$14 per capita and Vulcan is getting \$32. Well, good Lord, they are bound to make Vulcan happy.

For the minister to say that you could read the letters from the ones who are happy and the ones from those who are unhappy is just like the old argument about taking a guy and putting his head in the oven and his feet in the icebox. On the average he is comfortable.

[Laughter]

That's about the degree of mentality that goes into that particular argument. Then I come to look at Blairmore versus Valleyview. Both have populations within 200 people of one another. Valleyview's per capita assessment is within \$100 of being the same. Blairmore is getting \$32, but Valleyview is getting \$14. One can only conclude that some councils, because of the manner in which they have chosen to run their affairs in the past, are being discriminated against by the manner in which the government is handing out the

money. The arguments the minister has may be fine. All I want to know is what the arguments are. I think the public is entitled to them.

Then I come down and look at some of the counties. Last year the county of Newell got \$71. This year they are getting \$45. I don't imagine they are cheering too loudly. Foothills got \$50 last year. This year they are getting \$38. Kneehill got \$50 last year, and this year they are getting \$32. And you can go down and look at them, practically all the counties and MDs there are very few who get more under this program and all we're asking the minister is to explain the compensating factors for it.

I think when half the members of the House or two-thirds of them have all the answers and the minister is saying, the King has spoken, the only people entitled to this information in the Province of Alberta are the members of the Conservative party seated opposite, that it's not relevant. The people of Alberta have no right in asking. The King has spoken. God bless you and be happy. Go in peace. But don't question me as to how I've arrived at these figures.

I compare Flagstaff and Newell. The populations are within 100 of one another. The per capita assessment was within \$10 of one another, and one is getting \$40 per capita in assistance grants and the other is getting \$29. Now surely it's not unreasonable to expect the minister to come up with some explanations other than to sit there and smile benignly, to say God bless you my children. The great white father is looking after you.

And I go on down here to Taber and Westlock. Taber has 6,800 people, Westlock not too much different with about 7,400. Their per capita assessment is within \$200 of one another and Taber with the higher per capita assessment by \$200 gets \$39 per capita and Westlock gets \$25 per capita. Now there is \$500 difference in roads but it's strange to say the municipality that has the most roads gets the least money. So where on earth are the answers in it? And just as I say, the smile on the minister's face doesn't put any money in the treasury. As a matter of fact I think he's smiling because he's kept some in his treasury instead of handing it out.

Athabasca and St. Paul, about 600 difference in population, these are all less than 10 per cent. Assessment-wise they are within \$35 per capita of one another and yet the one with the higher assessment gets \$56 per capita and St. Paul gets \$43. The mileage of roads within the county is within 100 miles of one another, and so why?

You can go on and on. Lacombe and Camrose and Red Deer. Here's Lacombe and Camrose, both about identical, within 100 people of one another. Their district roads are within 100 miles of one another. The per capita assessment is within \$200 per capita of one another, yet Lacombe gets \$7 per capita in assistance grants and Camrose gets \$23. And even then Camrose comes out \$41 per capita last year versus \$35 this year. And you go on and on through them and, if need be, we can read them all into the record.

Wetaskiwin county versus Lethbridge. About 1,000 difference in population, about 12 to 14 per cent. They've got about within 200 miles the same amount of roads of one another. Their per capita assessment is within \$9 of one another. Wetaskiwin, even though they are complaining, get \$20 per capita and Lethbridge get \$1, unless my figures are wrong. And if the figures are wrong I'd like to have the minister correct them.

But I simply can't, Mr. Chairman, accept the benign smile of the minister as an adequate answer because apparently the minister is of the opinion that he is not accountable to this House, that all we're supposed to do is rubber-stamp the budget for \$48 million and leave it to him and the Member for Drayton Valley to see that justice is done in the Province of Alberta.

Obviously the minister has a lot of confidence in himself and the Member for Drayton Valley, but all I'd like to do is to have access to the same information and maybe I'd have a lot of confidence in them. I think the minister is asking for quite a bit to take on good faith the fact that there are some logical and sensible answers to these questions. And if there are, I think all we need to do is hear them and we can move on. But when the minister has raised the question by going about the exercise in the manner which he has, and I realize we have another self-appointed expert in municipal finance who is now the Minister of Telephones -- you know that's fine, maybe he is an expert. But all we're asking for is the relative information. I think the municipalities in question are entitled to it and I think the Legislature is entitled to it.

Just before sitting down I want to come back to when the session started. The question and answer period certainly led me to believe that the information was going to be made available to the members in order to deal with the budget. While I must admit the ministers' answers were pretty evasive, this is generally what they seem to add up to, and now he's going to say, well as soon as the session is adjourned, we'll make it public. What on earth is wrong with making it public now? The only thing I can see wrong is that the minister's own arguments, I think, refute his statements. He says they can't make it public until they have settled all budgets of the municipal councils. In other words, they have their nose so far involved in all the accounting in all the operations of the municipalities that they have to go through all this first before they will divulge the answer to make sure that their arguments will hold water. That's the crux of the whole debate -- the necessity and even the desirability of the provincial government feeling that it has to be that intimately involved in management of the financial affairs of the municipalities.

Surely to goodness the municipal councils can be left accountable to their own taxpayers for the money they are spending. But no, they are being held accountable to the minister. But the minister in turn with his stoical silence and smiling face leads us to believe while municipalities are accountable to him, he is not accountable to the Legislature. He is accountable only to the Conservative caucus and they are accountable only to God.

MR. ZANDER:

Mr. Chairman, maybe the self-appointed municipal critic on the other side would like to hear the Social Credit formula as it existed --

MR. HENDERSON:

Formula? I got it myself.

MR. ZANDER:

I'll read it to you. If you think there is any consistency in it, let me read it. Lethbridge, which was within \$1 the same equalized assessment per capita, approximately the same population got \$20.76 per capita and then we go up there and find the county of Ponoka had exactly the same within \$1 and their weighted percentage was 1.5 and the other was 3.5. Let's take a look at Wetaskiwin now. It was comparable to Lethbridge, it was within \$1 also. Wetaskiwin got \$41.52, while poor, little Lethbridge down there got \$20.76.

MR. BATIUK:

Lethbridge didn't have a minister at that time.

MR. ZANDER:

Now let's take a look at the other one. Newell, \$70.64 per capita. Compare that to the same figure down here against \$31.18 per capita.

Can the hon. expert over there explain how they arrived at those figures? If you want to quote the figures you are now using on that side, then how can you explain the figures you were using at that time? I can't see the reason. When you take a look at the total from one end to the other of the grants handed out under municipal assistance, and go through villages and towns, it's exactly the same thing. The weighted capital can go from 1.5 to 4.5. You have the same population, the same assessment, the same equalized assessment per capita. Can you explain that? If you talk about what you are waving here, what did the great white father sitting over there do about it? Can you really sit back there and say that one group here is going to get \$70 and the next \$19 although they are in the same category? Can you explain that? You asked the minister to explain it, but you haven't explained it to the people either.

If you are going to be the great white father and give it to some over there that had all the money, and now that they have been cut down you say this is wrong, I think you have to be consistent with your thinking. I have said in my speech before, we have asked as a county to get the formula from the former government and we haven't got it today. Now you are demanding the formula today. I say it again. I was on the county for 24 years and I never got the formula from the former government and you want it now within six months.

MR. HENDERSON:

Mr. Chairman, I'll double-check this. But I've read the municipal grant formula that existed before in the Municipal Councillor.

MR. ZANDER:

When?

MR. HENDERSON:

I've got it here and it was public information. It was in the Municipal Councillor. It was published for years.

MR. ZANDER:

Maybe you've got the only copy.

MR. HENDERSON:

And if you don't like it, fine. That's your prerogative.

MR. CHAIRMAN:

Order. Please continue.

MR. HENDERSON:

But at least, Mr. Chairman, there was something here to talk about. It was public information. It was public evidence long before the hon. member ever came into this House. It was published in the Municipal Councillor. I had kept a copy of it for some years as a matter of fact, since ten years ago when I came back in here. I suspect the hon. member can't read anything unless it is printed on something that is orange and blue. If it is black and white, he doesn't understand it.

This is what the argument is all about. Let the public know what the formula is. The public are entitled to it. If they don't like it, fine and dandy, but at least it isn't secret and we don't have the impression being left it is at the discretion of the minister. I said before, and I say it again, as long as the present circumstances prevail there is an element of intimidation in the way the government is going about it, because the municipality has to come hat in hand to get its share of the money from the municipal councils, in particular if it goes over the 7.5 per cent figure.

This government already has a trademark in a number of areas. It doesn't worry about the matter of principle on these things. Politics come first. They make it plain they are prepared to say, we'll cut your money off if you don't go along with what we are doing. So it's going to take a municipality with a lot of backbone -- probably Calgary and Edmonton only. With the number of seats in those two areas I rather suspect the minister won't be too autocratic. But it's going to take a pretty staunch municipality to come in here otherwise, with a really strong and heated argument, and pick a quarrel with the minister because of the refusal of the minister to publicly indicate in any way, shape or form how they arrive at their answers. The council could go home with less than they came with, from what the minister has said.

I've concluded that the formula, whatever it is, must be something like trying to learn French. For every rule you learned there were 15 exceptions. That's why I took Latin in school. So they started out with 22 pages of rules, and multiply that by 15 exceptions and I don't think even the minister himself can know now how he arrived at the figures. But there are too many unanswered questions here. The question is quite evidently why some of the municipalities are not getting a reasonable share of the increase and some of the others are. All we want is a reasonable explanation as to how they are getting it. That's all we are after. And I think surely if the Member for Drayton Valley is entrusted with the confidence of all this information, and a few other members of the House, surely to goodness all the other members of the Legislature are entitled to the same information.

If we had the information, probably we wouldn't be going through this debate. But I get the impression we are talking to the sphinx over there. We usually say on this side, King Peter is smoking, but now it's King David.

MR. CHAIRMAN:

No further comments?

MR. LUDWIG:

Mr. Chairman, I believe we shouldn't belabour the point any more, because their silence certainly means only one thing; they say they would like to give it to us, but I believe we should take the remarks of the hon. Minister of Telephones seriously when he said that this mishmash will have to be sorted out. If they haven't sorted it out in their own minds, how can we expect them to clarify it to us?

They rely on the chief draftsman Mr. Farran. The hon. minister, Mr. Farran, is the chief draftsman by his own admission. He drafted all this. But he drafted it on the instructions of the chief architect, because he said that the chief architect was Mr. Russell and I'm only the draftsman. It was supposed to be the other way about, but they finally admitted to the truth of the fact -- this was an exercise. But they made it the way the minister wanted it set up.

You can understand the confusion. When we ask them for a formula, the hon. member, Mr. Zander says, well, how can we give you a formula because look at the one you have? They didn't tell anybody that they were basing this whole exercise on the previous formula, because whatever the previous formula was -- whether it was right or not, or whether it was a good formula, at least it was published. It was published for everybody to see and let those who wish to criticize.

But these people will remain silent. They feel that that way they can sit there and look as if they know the answers. But I think that silence in this case means only one thing. When a minister has an obligation to make a disclosure, his silence is not because it is so obvious that everybody ought to know and he remains silent because he shouldn't have to tell us. I think his silence means that he is ignorant of what the real facts are. We've pleaded, we've belaboured this thing, and we feel that it's proper to give a formula because you've given us everything else in this thing. You've given us the amount, you've given us the figures for the respective municipalities, their respective counties, the villages, et cetera, the cities. But how you arrived at it is something that ought to be given to us.

If you don't think you ought to give it to us, stand up and say you're not entitled to it, and you're not going to get it. Because if you don't say that we'll have to presume that is what you intend, and we will presume that you are continuing in your own arrogant way as you have been accustomed to doing before. And so that's fine. What else can we expect? But if you haven't got it, it doesn't require much to stand up and say we're working on it. We're going to prepare it. We will give it to you. Which is it? Either we have it and we don't think you are entitled to it -- because we think we are. We think the people of this province are.

I don't think that any demands will come from that other side to you, because the hon. minister knows better by now that their backbenchers will remain silent. They will remain obedient, and they will stand where they are told to stand, and they will speak when they are expected to, when they can say something laudatory. But when they have to question the minister on behalf of their own constituency, it is too much to expect the Conservative backbenchers to make such a demand. So we are making that demand on this side. I suppose we should be told that we shouldn't be asking such questions. They might be embarrassing to somebody. The minister doesn't know the answer. It doesn't take much of a man to stand up and say, we haven't got it. Then we'll go home and say, some day we'll get, but in the meantime they haven't worked it out.

So I believe that we can go on and on this way in circles. The minister doesn't want to answer. The hon. Premier is back again. But it is too much to expect him to assume any responsibility. He has indicated on a previous occasion that when some minister violates the law, the minister is proud of it. So when this minister doesn't live up to his obligation the hon. Premier is not responsible. After all, why should he be responsible? He's got a minister to talk to us. If the Premier is responsible, I wonder what for? But I know what he is responsible for, the Publicity Bureau to protect an image that is fading rather badly.

But what about the minister? We can talk here until midnight, but we can't budge him to give us an answer that we're entitled to. So I suppose we'll repeat this over and over again until we grind you down, Mr. Minister. In the meantime, let's have that formula if you have it. If not, stand up and say I haven't got it. We don't think you've got it. We don't think you've got many things.

DR. HORNER:

More than you have!

MR. LUDWIG:

In fact we think you've got very few things Mr. Minister. But when we have to have the hon. member, Mr. Zander, tell us that he knows it all, then things are in bad shape. We are worse off than we thought we were.

Appropriation 2131 agreed to: \$48,000,000

Appropriation 2132 Assistance to Homeowners and Renters

MR. RUSTE:

Mr. Chairman, on this one here I would just like to relate an incident, a representation that I've had made and this gets back to changes that have taken place in the homeowners' tax discount and the changes in the money being available to renters and so on.

I would like to compare it, say, where there are a father and two sons who are operating a fairly sizable farm unit. Because of their livestock enterprise and their land operation they've chosen to set their homes up fairly close together on one parcel. You could subdivide them as the land that the house sits on is considerably larger than the lot would be for property in the City of Edmonton, or any city as far as that goes, but they have three individual homes. We'll use an example. Now is this being made so that they could be eligible for that, having in mind that the three homes there, together with the land that's operated, maybe three or four sections, or maybe some multiple of that -- that they would be eligible for the homeowners' tax assistance or whatever you want to call it?

I think this is happening in more cases than one where you get into the dairy industry in particular, where this is the only way that one of the party can get any time off in that they are working, they have their intensive industry there. By having the buildings or their homes right near there, it's the logical way to do it and the efficient way to do it. Now, is any consideration being given to giving credits to these people?

MR. RUSSELL:

Yes there was, Mr. Chairman. When we get into clause-by-clause study of the Act, you will see that they could possibly qualify two ways.

First if they have set up a company in which the shareholders are all members of the same family, then they can qualify on the holdings of the company. In that case it would be the education school foundation levy on the land because there is none assessed on the buildings. If one of the members of the company, say the father, is a senior citizen then there is no ceiling, so they stand to benefit substantially.

The other way, of course, is if the two sons have land of their own which is removed even some miles down the road or in another municipality, but their homes are on the father's home parcel, then they can get the benefit on the land which they own notwithstanding the fact it's removed.

I suppose if they are all on the same parcel, have not formed a company, and the land is in the father's name only, then in that case it would only be the father that would get it.

MR. RUSTE:

Just to follow that up a little bit. We'll take then -- the renters may not be a fair example -- where there are several in one building that are getting grants of some type or another, I would suggest that you should look at this in the light of, we'll say there are three homes, two for the sons and the father. Certainly this serves as a home to each of those in three respective units whether it be there, or whether it be on three separate parcels. I think it should be looked at as the whole operation rather than just as the operation of one.

MR. RUSSELL:

Well it has been looked at and of course if a parent and children have set up among themselves a landlord-tenant relationship, as some families have, well then certainly the sons would qualify for a renter assistance. But unfortunately under our assessment laws, you are limited to some degree in rural areas whereby if you can't get the benefit on the building because of the taxes in collect, you must bestow the benefit on the land. Now, if only one person owns the land and there is not some kind of understanding or arrangement, it is very difficult. But, I repeat, when you get into the Act you will see in the definitions of owners we have tried to cover a situation just like you referred to. It did receive a lot of attention. We did try to cover those situations but presumably there could be some circumstance where they all would not qualify.

MR. BARTON:

A question for clarification. The maximum assessment on a particular property is \$7,200, right? You have no minimum? Alright then, if a particular property was assessed at \$2,500 then the rebate plan would be, as near as I can tell, 30 times -- that would be \$72 right? Now when we go back to an area like mine where 25 per cent of the houses are valued at over \$2,500 and the other 75 per cent are valued at \$2,500 or less, there will be no minimum rebate -- and this is what I want to know -- because if there was then the \$100 on the renters is discriminatory.

MR. RUSSELL:

The member has brought up a good point. Because of that very kind of reasoning you will find in the Act the minimum benefit paid is \$100 whereas last year the homeowner tax discount was \$75.00. The minimum has gone up and you will find when you pass that point the education foundation levy bestowed on the assessment or the minimum \$100 takes care of that kind of situation. Or you could get the \$2,500 assessment times 30 mills, that's \$75. They are no better off than with the \$75 homeowner tax discount but there is a minimum of \$100. That \$7,200 ceiling we must always remember is on equalized assessment, so you really have to read the maximum benefit in terms of dollars, although that part was computed 7,200 times 39 equals \$216. But we have just written it into the Act as a maximum of \$216 and a minimum of \$100.

MR. BARTON:

Is it safe to say that everybody in that category of \$2,500 or less will get the \$100?

MR. NOTLEY:

I wonder if I could ask the minister what the rationale is behind the maximum of \$100 for renters and \$216 for the owners? It seems to me that if one accepts the proposition that renters, in fact, are paying a property tax in the renter's accommodation, why wouldn't there be equity?

MR. RUSSELL:

The equity breaks down if you only had two identical residences, one owned and one rented, whereon the taxes would presumably be the same. I admit in that kind of example there is a weakness. However, there are many other positive reasons for going the way we have.

Number one, let's not forget this is the first year there has been any kind of benefit to renters. Up until now they have been ignored completely. So this is a big first step.

Secondly, the formula which we have used has been adopted from other provinces -- the basis of its approach.

The third thing, of course, is that the renter presumably doesn't have the same financial investment and degree of responsibility in his residence in all cases which the owner does. So you can move into accommodation and rent it without really putting a penny down. But in most cases the owner has a substantial investment tied up. So I suppose that is another form of logic.

But the last thing is that in looking at ownership the assessed value of the average owned unit was about \$6,400 or \$6,500 depending on which municipality it was in, whereas the average assessed value of rented units and,

of course, this is caused by the tremendous number of highrise units throughout the province, is about half that.

MR. NOTLEY:

Mr. Chairman, I would just like to restate here that, in my view, a tax credit system is preferable. I would quarrel with the third argument the minister makes because it seems to me that most landlords, when they calculate the rent, not only consider the property taxes but they consider the costs of repairs and that is just calculated right into whatever levy they charge for rent. There may be cases where that is not true but I don't think that would be the prevailing situation, especially in the two larger cities where it's relatively easy to rent a home these days.

The advantages in my view of the tax credit system, Mr. Chairman, certainly outweigh the disadvantages. The only major disadvantage which I can see in a tax credit system is the argument that individuals may have to wait a year until they file their taxes. Presumably those people who aren't in a position to file taxes would qualify for the maximum tax credit. But that can be dealt with, it seems to me, rather easily by making an advance of at least the minimum amount each year as they have decided to do this year in Manitoba, and then the individual receives the extra amount when he or she files an income tax return the following year.

Of course, once you begin with a system it automatically rolls ahead so the problem it may cause in the first year or two isn't really a problem once it is in operation. The advantages on the other hand of the tax credit system is that it makes sure the maximum tax relief goes to those people who need it most. It seems to me if we are going to take public dollars and use them for tax relief purposes, we should try as much as possible to make sure the tax relief is related to the principle of ability to pay, just as taxation in the first place should be related to the ability to pay principle. So that is an important principle in my judgment.

The other point which should be made, Mr. Chairman, is that tax credit system would apply equally strongly to renters as to homeowners. I can readily appreciate the problem the minister gets himself into when they try to figure out what a renter should get because a renter may well be living in an accommodation where it is just impossible to work out a grant based on the assessment. So as a result, you have to find some other method as the government has in this case, in determining what renters should receive.

But were you to apply the tax credit system across the board it seems to me you would eliminate the discrimination against renters. You would make sure that the people who really needed the help got the maximum help, apart from the fact that in the first year there may be a small injustice because individuals would have to wait for the filing of their income tax to get the difference between the minimum and the maximum. Nevertheless, taken over the long haul, such a system would, in my view, offer many more advantages than disadvantages.

I just can't accept the arguments of the Minister of Telephones and Utilities who suggested that Albertans really are not ready for this system yet. It seems to me that it is working very well in Manitoba. I would like to point out, Mr. Chairman, that the budget passed this year in the Manitoba Legislature, which included of course the tax credit system, was passed unanimously. I think that was the first time that ever happened in Manitoba with the members of the Loyal Opposition, which happens to be the Tory party -- I have no doubt they will hold their present position for some time in Manitoba. In any event, they voted unanimously in favour of what they obviously feel is a pretty good proposition in their province.

MR. RUSSELL:

Mr. Chairman, I should correct one thing so there is no misunderstanding. It has just been pointed out to me. The hon. member, Mr. Barton, asked if the absolute minimum benefit would be \$100 and I said, "Yes". Now that is assuming the property tax is at least \$100 or more. If the total property tax, that is, municipal and educational, is less than \$100 then the benefit is the total amount of the taxes.

MR. BARTON:

Well, then it doesn't seem to follow through, Mr. Chairman, because then a renter could rent that same property and get \$100. Certainly. Well, what would he get?

MR. RUSSELL:

[Inaudible]

MR. BARTON:

No, the formula means nothing. He has a minimum of \$100.

MR. DIXON:

Mr. Chairman, to the minister. I was wondering, owing to the problem we had last year with many of our senior citizens who neglected to take advantage of the renter assistance, what program the government had in mind to encourage these people to take advantage of the situation that they are entitled to. I know we did extend the deadline later in the year so more of our senior citizens could take advantage of it, but there still seem to be quite a number who haven't taken advantage of it yet are entitled to it. This year we have a more complicated method and many people, even those who wouldn't be classed as senior citizens but who do not pay income tax, are concerned. I was wondering if the government had any idea of really doing a good public relations job to let these people know how to go about getting assistance, so that everybody who is entitled to it will receive it.

There is another problem that I hear around the country now, especially since we are talking so much about tax relief direct to the taxpayer, and in particular in the farming areas. They are becoming concerned now, and I am wondering whether this isn't the first step towards the taxing of farm buildings and improvements rather than just land. On Saturday I was talking to two farmers and they said, "The more I look at this situation, the more it looks like the government is going to be taxing farm buildings." I was wondering if the minister or his department have any studies under way regarding the possibility of assessing farm buildings?

MR. RUSSELL:

The answer to that is, no, we don't. I think if the farmer friends you were talking to have any worries, then certainly when the details of the Act are known and explained to them it should erase those worries. It is very explicit that whether they are living on land or whether it is in the same county or another MD or split in two, they can still get that full \$7,200 assessment ceiling for their benefit just like the city dweller on his home.

MR. TAYLOR:

Mr. Chairman, did I understand the hon. minister to say that where there are a father and three sons each living on his own farm and the father is a senior citizen and they form a company, the educational tax would be eliminated from the total acreage?

MR. RUSSELL:

Yes, if it is held under title by the company. These principles that we are now talking about really extend exactly the same philosophy as the old homeowner tax discount.

MR. TAYLOR:

Mr. Chairman, -- [Inaudible] -- that they are paying an unfair share of education because one person in the company happens to be a senior citizen? It seems very unfair to me that everybody in that company should then secure elimination of the education tax.

MR. RUSSELL:

Well, that's almost the same as a married family. I suppose where one of the spouse or spouses is 65 or more they get the benefit.

MR. NOTLEY:

Well, if I could just follow this up. Now this is something of a revelation. First of all, last year under the Senior Citizens Shelter Assistance Act, my understanding was that there was a restriction on the amount that senior citizens could receive. That was based on the home quarter. I take it then that that particular restriction has now been removed under this new Act. We will assume all the educational cost of the senior citizen on a farm

whether he farms a quarter section in Smoky Lake or whether he has a 10,000 acre ranch southwest of Pincher Creek.

MR. RUSSELL:

Yes, that's correct, Mr. Chairman. I was looking for that particular clause in the Act. When we get to clause by clause study of the Act is probably a better time to study it. But if you will just give me a minute I will find it.

MR. NOTLEY:

Well, I'd just like to follow up what the hon. Member for Drumheller has said. It seems to me that this is going to really represent a rather serious case of discrimination, especially for younger farmers. It's fine if the senior member of the family is 65 years or older and is entitled to obtain this rather substantial concession. But unfortunately when young men normally go into farming the situation is that the father is not of pensionable age.

Now this is a pretty substantial concession. When you consider the property taxes an average farm today pays, Mr. Minister, and you calculate the education portion of those taxes, there is certainly an enormous advantage to the partnership or the corporation where one of the members happens to be a senior citizen.

I can tell you that is going to be a real incentive to get great-grandpa out of the senior citizens' home and bring him back to the farm. He may be 95 years of age and hasn't wanted the farm in 20 years, but he certainly should be a member of the corporation for tax purposes.

I'm just wondering if the government has really thought this one through because again, it seems to me to represent really serious discrimination. It's going to get you into a good deal of trouble with the younger farmers who are just starting out where there is just no way, shape or form that they can bring a father into the operation and where they are going to have to pay perhaps \$200 or \$300 or \$500 or in some cases even \$1,000 more in property taxes than the family down the road who can take advantage of the senior citizens aspect of this legislation.

MR. RUSTE:

Mr. Chairman, just to add to that before the minister answers. It brings up the matter of, let's say a Hutterite colony. What is the situation there as it relates to this legislation?

MR. RUSSELL:

I'm sorry, I missed that.

MR. RUSTE:

It just brings up the matter of a Hutterite colony. Where does it rest, we'll say, in relation to this legislation?

MR. RUSSELL:

No, they don't comply, Mr. Chairman. I wish I'd known we were going to go in clause by clause study of the Act during estimates. I would have been prepared but if you give me a minute I can find the sections.

MR. BARTON:

Getting back to this. Does the hon. minister realize what this means to the north totally? By tying it down to where they'll be getting less than \$25 whereas before they were getting \$75?

AN HON. MEMBER:

Oh come on.

MR. BARTON:

Yes. Well certainly.

AN HON. MEMBER:

Not right. Not right.

MR. BARTON:

Well it doesn't matter. Look under Vote 2132 tied to income. Under Renters' Assistance. And it doesn't clearly state it in the Act --

MR. RUSSELL:

Mr. Chairman, I'm really finding some of this logic that is coming out hard to follow because you are complaining about the level of renter assistance for your people in your northern part of the constituency. And this is the first year they have ever got it. Up until now they never got any. If they own it, the minimum level of assistance is going up. I think you should read the Act.

MR. TAYLOR:

Mr. Chairman, rather than hold things up now, it seems to me that we have enunciated the principle and we are going to have an opportunity to discuss it when the Act is before us, and possibly in the meantime the hon. minister could give some considerations to the points we have raised.

MR. CHAIRMAN:

Agreed? Very well, Appropriation --

MR. LUDWIG:

Mr. Chairman, after listening to the discussion on this Vote 2132 and the lack of answers or explanations, I am convinced now if any other criterion was used to make this grant other than the value of your house, this would be the most unfair and inequitable manner of giving back tax money to people that has ever been devised. You can say that if a man's house is worth \$30,000 he is entitled to 100 per cent more than a man whose house is worth say \$15,000. I am using these figures only for purposes of comparison.

Is this fair? You project this thing over a period of 20 years and an owner who gets \$125 a year more in 20 years will get \$2,500 more than a man whose house isn't worth so much. It could be more than that because many people out in the country in small villages may not even be entitled to the \$100 because their house is run-down, the lot isn't worth anything, the house is poor. So they don't get much. But you are actually giving tax funds to individuals. The criterion is the value of your house. I am saying that if any other standard were used to do this, this would be in fact grossly unfair.

I am suggesting to the hon. minister that perhaps we should use another standard. Perhaps we should use those people whose houses are not expensive, who have cheap houses. Or even if they are not cheap houses, they are not worth much because they are located where they could not sell for much -- to give these people who are getting less than \$216 an equalizer by way of a grant, of a home improvement grant for instance. So if a person has a house on which taxes are \$100, give him a \$116 home improvement grant. You might feel that that might be asking for too much. But I take the view that if you help those who need help you are discharging your responsibility. It is almost a mandate to a government to help those who need it.

When you are helping those who could get by without it, but because the formula, the dragnet sort of formula, takes in everybody, then there is a difference between helping the needy and benevolence. Being big-hearted because we happen to have a lot of oil revenues, we can afford it. And if we can't afford it in the future because nobody knows, even the hon. member, Mr. Zander, doesn't know whether five years from now we'll have this kind of money, and we might need to resort to taxation to provide this money.

Many of the people who are now getting \$100 a year because their property isn't worth much, may have to pay taxes to continue this homeowner grant. So the fairness of this grant is something that leaves much to be desired. It is grossly unfair, as I have stated, because of the type of formula you are using -- the value of the assessment. The assessment of the property determines how much you get. And the higher it is, up to a limit of \$216, the more you get.

Would the minister consider advising whether he is thinking about perhaps developing some means of equalizing this inequity? Because it is nothing more than a return of the taxpayer's money to him. Since this is coming from oil

royalties, or whatever it is coming from, it is the taxpayers' money and it should be paid to the taxpayers on an equal basis and not on the basis of the richer get more and the poorer get less.

This might not appear to be so much of a problem in areas where houses are assessed so high now, but by and large everybody has a house that will get him close to \$216. But all the villages, all the towns and all the poor sections in cities will, in fact, be penalized because they live in poor houses. I wonder if the minister could comment on this.

MR. RUSSELL:

Mr. Chairman, I won't go into this but I found the two sections in the Act, when we get to the Act in clause by clause study. The first one is under eligibility, and it's Clause 5(3) which specifically deals with the situation of a private company. Later on in the Act, when you get to the section dealing with calculation of grants, Section 9(2), that deals with that situation where one of the members of a corporation is a senior citizen occupying the property.

With respect to the comments about the thing being fair, I think this is. It's based on two premises. Number one, the one regarding senior citizens, is that generally in this day and age when you become a senior citizen, and I know there are some exceptions, your earning days are over. You have stopped working. Presumably your family and your grandchildren have gone through the educational system so there is some great degree of fairness, I think, to the logic that if you are going to give a benefit to senior citizens, that is one substantial benefit you could give them. After having paid the education tax all their working lives, when their working lives end you can excuse them from paying the education property tax.

The other one -- the sliding scale, of course -- if you refer to the special edition of the Municipal Councillor, you will see that the low, low assessed properties are way down at the bottom of the scale and presumably they would belong to lower income people. The benefit can be up to 100 per cent of the tax levied, and that goes down in a scale to an average which is just slightly above the average assessed value of homes -- that is a \$7,200 ceiling -- where I think the benefit goes from 100 per cent down to about 43 per cent, and then of course it drops substantially after you get into the very expensive properties. So it is, I think, geared to some sort of criteria in that way.

I think it is a substantial step forward over the flat universal payment to everybody, no matter what the circumstances. At least up until the \$7,200 ceiling, a person gets back out of the fund exactly what he paid into it. Of course, this is the philosophy that they are getting -- putting it another way, total excuse from their education foundation levy. Now it's not possible to extend that to everybody in the first year of the plan, but certainly up to that level it means whatever you pay in you get back. That seems to me quite fair.

MR. LUDWIG:

Mr. Chairman, I touched on one more point that the hon. minister did not deal with, and this is a matter of providing home improvement grants to people -- perhaps senior citizens and people who can't afford to repair their homes, whose homes are in need of repair -- to provide them outright grants to improve their property. This might seem like another step toward helping those who need help as compared to helping those who, because they happen to be fortunate enough to have a property that's quite expensive they will get \$216, and over 20 years it adds up considerably.

Has the minister considered, in looking at the theory of providing homeowner grants to people for home improvement purposes, that some may be in the lowest level of income and with inflation and other matters they are merely eking out a living? They could not borrow because of their age or perhaps their lack of credit. Although this may appear to be another step toward helping people through the government, this idea has been looked at in other provinces. It has been raised by private bills. I wonder if the minister would care to comment on this theory of helping people who need help.

MR. RUSSELL:

Well yes, the points that the member makes are excellent. But in this section of the budget we are dealing with property tax reduction. Now, these benefits are meant to be paid to owners or renters of property specifically to reduce property taxes. The kinds of home improvement loans that the member refers to are being given consideration, not only at the provincial level, but also at the federal level. We expect that current amendments to the National

Housing Act which are now in front of the House of Commons will very soon lead us into programs such as you describe.

MR. NOTLEY:

Just before we leave this particular appropriation, I'm not going to restate the concerns I have about unlimited provisions for senior citizens, but I would like the minister, before we get into committee stage, to give some consideration to co-operatives. If private companies are going to have the benefits as a result of this particular clause, that senior citizens are exempt, then it seems to me that by the same token the same privilege should be extended to co-operatives. I have in my constituency, for example, a large family cooperative. Now, it could have been incorporated as a family farm corporation. They chose a co-operative, but it seems to me that if we are going to make that kind of provision available to corporations, then by the same token we should make the amendment so that it is available to cooperatives as well.

MR. BARTON:

I'm still confused. All right, let's go back. Instead of a \$2,500 assessment, go back to a \$1,500 assessment. The rate would be \$45 where before, under the old plan of homeowners' rebate, they would get \$75. Right? Certainly?

MR. RUSSELL:

No, wrong.

AN HON. MEMBER:

It's still worse.

Appropriation 2132 agreed to: \$54,240,000

Appropriation 2135 Alberta Housing Act

MR. HENDERSON:

Mr. Chairman, just before we go on to it, I suspect that we've just set a record: \$54 million, \$48 million and \$102 million for disposing of a large amount of money on the most new government programs which the public knows the least about in any time in the history of the Province of Alberta.

With that, we'll go on to the Alberta Housing Act, 2135. I was wondering, while I appreciate that the appropriation is statutory, I was wondering if the minister could briefly outline what the appropriation before us, the subsidies, will actually be used for. I'm particularly concerned about the question of low income housing and I don't want to confuse that with the programs for subsidized housing for the elderly, and so on, specifically. We have other programs of housing for the elderly. Perhaps the minister could, in general, comment on what the money is being used for, but more specifically possibly elaborate in greater detail on the question of low income housing and how this appropriation fits into that.

MR. RUSSELL:

Mr. Chairman, the appropriation is a little misleading in that regard because the more substantial or dramatic programs with respect to low income housing or land assembly, et cetera, are financed out of the capital budget of the corporation which is not included in this. This is the deficit on the operating portion of the budget only. However, I do have the capital budget of the corporation with me and if the members are interested I will just briefly give the dollar amount of the programs that are involved.

For federal-provincial public housing, that is, the kind of housing that is decreasing in popularity, the partnership between the levels and the rental subsidies on that basis has gone up to \$1.4 million from federal and provincial levels and the rental subsidies on that basis have gone up to 1.4 million from \$943,000 last year.

The more traditional kinds of public housing, that is the three-way partnership is becoming more and more common across the country, and the one Alberta has used substantially. In 1972 it was \$13.1 million and in 1973 it is estimated at \$17 million. That \$17 million represents about 850 anticipated units of public housing. Again, estimates only, 200 units in rural areas and 650 units in the cities.

Transitional housing, and this is another program, the kind we have growing in Slave Lake where there are other social programs involved, like employment opportunities, or job training, or income subsidy in addition to providing the person in training with a place of living, has gone up from \$433,000 in 1972 to \$1.7 million in 1973, and I am giving calendar years here because the corporation is on a calendar year.

Land assembly programs, I think you are all familiar with those, have gone from \$6.7 million in 1972, to \$7.2 million in 1973 and in most cases the rather substantial sums I am listing are financed by borrowings from Central Mortgage and Housing Corporation.

NewStart housing is a new vote, \$120,000 this year; staff housing gone up from \$967,000 last year, to \$1.1 million this year. Senior citizens has gone up from \$5.3 million last year, to \$6.6 million this year. Student housing has gone from \$1.9 million to \$3.7 million. Experimental housing from \$14,000 to \$159,000. Community residences, the program by which shelters for mentally retarded have been built, has gone from \$2.3 million down to \$1.3 million. There was substantial progress made last year in meeting request for that program.

The direct lending program, that is the direct mortgage lending program of the corporation has gone from \$5 million in 1971 to \$15 million in 1972, to \$25 million in 1973. There is a new vote in here called Mobile Home Parks which was zero last year and has gone to \$1.7 million this year. We are now in the lending business for the development of mobile home parks. Urban renewal has been phased out. There is nothing in that for this year, and municipal loans as a result of an agreement we had with the City of Edmonton, have gone from \$3 million down to \$2.2 million. That covers the capital budget programs. The other one item which is still covered in the operating budget of the corporation is the senior citizen grants.

Now I mentioned the capital allotment had gone from 5 point something million to \$6.6. The grants, that is the cost sharing grant on the large accommodation, has gone from \$2.5 million to \$2.3 million. So it remains substantially the same. I think that covers the highlights.

The other alarming thing is that subsidies paid by the province as our share of rental subsidies in public housing units -- and you can appreciate that Alberta is just now getting into these -- but here is the trend: in 1972, \$70,000, in 1973, \$819,000. So, as more public housing units are built we're going to be faced with that really alarming rate in increase of ongoing rental subsidies which go on for 50 years.

MR. HENDERSON:

Mr. Chairman, what is really concerning me is the fact that if the trend the minister talks about continues and the rising cost of private housing that we face today, we are going to have 80 per cent or more of the population wanting to get into subsidized housing.

I had plotted up just a distribution curve based on 1970 income tax, for example, for Alberta citizens. It shows, for example, that in the year 1970 88 per cent of the people of Alberta had a gross return based on their income tax of \$8,000 a year. The funding that is coming through the regular channels for housing construction is just getting beyond the reach of the average income earner in the province, I think you have to say. When one expects somebody working for \$5,000, \$6,000, \$7,000 or \$8,000 a year to put up \$18,000 to \$20,000 for a home, and that's minimum, I don't know where you can buy much of a house nowadays even for that money. I'm really wondering what the provincial government has in mind to try to counter this trend. If there isn't something else done other than what has been done now the demand for the federal-provincial subsidized housing is just going to become astronomical. I'm one of those reactionary people who still adhere to the view that it is in society's best interest to have as large a percentage of the population as possible owning their own property and living in their own homes.

I'm wondering if the minister could comment on what they are anticipating will develop in this area and whether they have any plans which have not been announced yet and what they are going to do about it. I think up until a few years back it was generally the attitude of practically all the provinces that Central Mortgage and Housing and the federal government took care of the housing problem. But that's no longer the case. Some provinces, as a matter of fact, are insisting on exercising more authority in this particular area.

I'm thinking here in terms of young families, not the elderly and these other special things. But I gather the subject I am talking about is really coming under the area of public housing, either under federal-provincial or federal-provincial-municipal agreements. The government is not doing anything other than that and not looking at trying to subsidize mortgages for low income private individuals; I'm talking about where the individual owns the property as opposed to just renting it.

The other question just before the minister answers. You mentioned they are putting up public money for mobile home parks. Is this for municipally owned facilities or for privately owned facilities?

MR. RUSSELL:

No, it's direct lending. It can be for privately owned as well.

You know for once I can agree completely with the comments of the hon. Leader of the Opposition. You asked what we are doing with respect to it. I think we are going to be entering more vigorously into a program that has been established for a couple and that is the assisted home ownership program whereby with the federal government we match an interest subsidy payment which is related directly to the person's level of income. So the lower the person's income is there can be a subsidy from both the federal and provincial levels of government of up to 2 per cent on each one. So a 9.5 per cent loan could, in fact, drop to 5.5 per cent if the person was able to meet all the qualifications.

Of course, there are some other moves. I mentioned the fairly substantial increase on a percentage basis for experimental housing. I think it's essential that we keep experimenting and at least trying to find new ways of constructing shelter. Certainly the old traditional ways are rapidly escalating beyond the average person's reach. There's a fair amount of funds in here for land assembly. Now I'm not saying that is the total answer but in Alberta, according to the Dennison Report, it at least seems to have worked the most successfully when compared to other parts of the country so far as keeping the cost of land down is concerned.

Another thing, and it goes back to a vote we were just discussing, is trying to reduce property taxes because in many cases the person's monthly mortgage payment includes principal, interest and taxes and is tied to a portion of his income. By reducing property taxes \$15 or \$18 a month, that again, is some contribution towards bringing home ownership into the field where another group of our citizens can get it. The public housing program, I think is being reassessed and looked at with a view that the desirable objective in the end would be for the tenant in the public housing unit to eventually become the owner if that is at all possible. So there is going to be a concerted effort to try to sell these units to the tenants to the extent possible.

I don't know what kind of program that will all add up to. But there are a number of areas in which, I think, the province in cooperation with the federal government is trying to make a concerted attack on this cost of housing problem. But the unfortunate thing, as those of you who have been following the business columns in our daily newspapers know, is what is happening to the cost of lumber. We know what is happening to the cost of labour, and we know what is happening to land costs. So in a way it at times becomes a pretty discouraging battle. If you seem to gain on the property tax or the land costs issue of the thing, it is gobbled up by increased cost of lumber. There is no question this year that we are really feeling it in Alberta in 1973 as a result of British Columbia lumber price increases.

MR. HENDERSON:

Mr. Chairman, two questions. First, could the minister possibly give some idea how much money will be going out this year for the homeowner purchase, the interest subsidies? You said up to 2 per cent provincial and 2 per cent federal. Could you give us some idea how much is going out under that, and how many homeowners are involved, if he has that general information?

Secondly, has the provincial government made any representations to Ottawa about examination of making some consideration on income tax for all homeowners so far as interest payments are concerned?

MR. RUSSELL:

The first question, interest subsidies have gone up from \$170,000 in 1972 to \$383,500 in 1973. I don't know how many individual homeowners would be

involved in that figure, but perhaps I can find out and bring the information back.

MR. HENDERSON:

What about the question: Has any representation been made to the federal government about some consideration on income tax for interest payments on mortgages for private homes?

MR. RUSSELL:

Yes. We had a major federal-provincial housing conference in Ottawa in January and that question was brought up. A very direct thing that federal government could do would be at least to eliminate the sales tax on building material for homeowners. I am going by memory now. I don't believe we have gotten into the direct field of income tax relief for homeowners. Maybe the Provincial Treasurer could answer that question when we do his estimates.

MR. DIXON:

Yes, Mr. Minister. I would like to touch on another subject under Alberta Housing and it is regarding land assembly. We will use the Lethbridge situation as one of the examples. The City of Lethbridge apparently asked some of the private developers to come forward with a project that could work with the City of Lethbridge on a development. After they got all the proposals in apparently the City of Lethbridge either borrowed the money from Alberta Housing Corporation or Alberta Housing Corporation gave them -- I don't know how it worked. Anyway, Alberta Housing became involved.

I was just wondering if the minister could outline to the House just what Alberta Housing's policy is going to be towards land assembly? The former government went into land assembly with Edmonton which hasn't resulted in cheaper lots.

We are using taxpayers' money and there is no advantage really being gathered because of the fact that it is using taxpayers' money. Lots have not become cheaper because Alberta Housing has become involved in our major cities in particular. Edmonton is one good example. I am just wondering how far we're going in competition with private enterprise and private developers. Should we just tell the private developers there isn't any room for you and we're going to do it all on our own, and maybe they can use their funds to do something else. But it is becoming a serious situation and I think they should know where they stand as far as governments and municipalities are going to go -- as far as land assemblies are concerned because they are in the driver's seat. They control whether a developer can go ahead with his project or not, both at the provincial level and at the local level in particular.

So, Mr. Minister, I think it is vital that people in Alberta and in particular those people who are in land assembly development know just where we are going to go as far as Alberta Housing and making funds available for people other than the private developer to get into land assembly and development.

MR. RUSSELL:

I don't believe there is any hard or fast rule. If I had my own personal preference I'd like to see private developers do it all and see the government stay out of it. However, the corporation is bound by its legislation to respond to municipalities who do request that a land assembly program be instigated in their own municipality. So a report of need is done and a recommendation goes to the board of directors of the corporation and they decide whether they are going to get involved or not.

Now the reasons might be quite different. In the case of Airdrie, there was a fair amount of confidentiality until the land had been purchased and it is for mixed land use, industry and housing.

In the case of Edmonton there was extreme secrecy and confidentiality until the land had been purchased. It is now being held in a bank and being turned over to the City of Edmonton for development by them as they request it in banks. So presumably for about 20 years until the last of it is gone, the province's Crown corporation will be financing at least the holding of that land for the City of Edmonton. That is the Mill Woods land assembly project that the Dennison Report alluded to as really being the only one that had been carried out in Canada that had any effect.

So probably your argument about it not having brought down lot costs is argumentative because they claim on a national comparison that it has. Notwithstanding that, one still has to be really alarmed at land prices in Edmonton which are substantially above equivalent land prices in Calgary. We spent some time this afternoon talking about that concerning Edmonton's reassessment problem.

When you get out of the two metropolitan areas and into the smaller centres the land assembly projects tend to become far more modest and generally we find it's because in the case of the municipality, they feel that they can't interest private enterprise in developing the land or private enterprise won't do it for some reason. The municipality is generally strapped for funds and looks to the corporation as a financing tool. Each one is considered on its individual merits.

MR. DIXON:

Mr. Minister, you didn't touch on the Lethbridge situation which I was mostly interested in.

Before I sit down I'd like to touch on interest rates as far as mortgages are concerned. Let's take Fort McMurray for example. I understand that at one time when they went in there the lending institutions wanted a bonus for their mortgages. In other words they wouldn't give the same mortgage rate in Fort McMurray as they would say in Edmonton or in Calgary. I understand that now through cooperation with the financial institutions they have come to the agreement that if anybody builds a house of standard construction and meets the requirements he will not be charged an interest rate greater than he would be if he mortgaged the same house in Edmonton.

I was wondering what efforts your government is making to try to bring this type of agreement throughout Alberta. Today we heard from the hon. Minister of Telephones and Utilities that everybody was going to have gas, power and all modern conveniences. I am just wondering if the government couldn't do more, not trying to get into it themselves, but trying to get the people who are already in there to meet some of the objections, such as a higher rate of interest on mortgages in our rural area. What is being done in that field?

I am quite interested in the Lethbridge situation in particular, as to why Alberta Housing went into loaning or granting of money in the Lethbridge area in order that the City of Lethbridge could get the new land development out near the university?

MR. RUSSELL:

Well, I don't think there is any specific or unique reason why they got involved in west Lethbridge. They were asked to get involved in there under land assembly legislation, just like any other municipality would request and they did.

Insofar as what the province is trying to do on a broader basis -- at the federal-provincial conference that I mentioned earlier, Alberta put forth the position that they would like to do two things.

Number one, go into a system of what is known as block funding and this is something the other provinces have been pressing for pretty strongly in order to relate the funds that are available from the CHMC pool to what we consider to be our priority projects within the province. Number two, to phase out the bureaucratic and administrative arm of CMHC in Alberta and let the Alberta Housing Corporation do the administrative and bureaucratic work.

That second suggestion was not received with any enthusiasm by the federal government. We are making slight progress in conjunction with the other provinces with respect to the matter of block funding.

MR. DIXON:

One final problem I'd like to bring to the minister's attention and it is regarding the two major cities. We are going into the development of low-cost housing through Alberta Housing and other federal and provincial schemes. I am just wondering how close a tab you keep on the vacancies of some major buildings that have been built, say in Calgary or Edmonton, where the vacancy rate is very low and you wonder sometimes how long those particular buildings can keep operating with the low vacancy rate. I wouldn't want to see a city end up with a big vacant apartment and yet, on the other hand, they are using taxpayers'

money to build another similar apartment to accommodate people in the lower income bracket.

I know in certain areas of Canada some of the governments have taken over, for example, they are talking about taking over the college there in Toronto because it was behind -- was it Ridgedale or whatever the name of it is -- it was behind in payments to CMHC. What cooperation is there between the provincial government and the federal government as far as CMHC loans are concerned? Because basically that's where a lot of the large building projects were financed in the original stage. I am just wondering what cooperation we could have so that we wouldn't end up with having a large vacant apartment down in the downtown area, at the same time building new apartments with taxpayers' money to take care of people who do want accommodation at a lower rate?

MR. RUSSELL:

Well, as I mentioned earlier, most of the funding that the province does for these substantial programs is obtained from CMHC. It is borrowed generally on a 50-year term. We have to rely on the information we get, at least in the initial form, from the municipal housing authority or from the municipal council, whichever the case may be. Personnel from the Alberta Housing Corporation then go into the community and survey the needs, the vacancy rate, the waiting list, the whole thing and determine whether or not they feel more public housing is required and make a recommendation to the board. That's how it happens.

We have one major difference here, though, and that is this long-standing argument we have going on with the municipalities. In these programs there is a ten per cent equity involved. And we've got a long-standing and to date insoluble problem as to who puts in the ten per cent equity. The province wants to and the municipalities are saying that they should. Apparently it's a question of ownership at the end of 50 years.

Now you can see why, because under those programs the province is committed to a 40 per cent ongoing rental subsidy for 50 years on every unit, we think it would be better in the long run to manage these things on a provincial basis. And this was your question -- whether or not the province actually had ownership. As I mentioned earlier, if the program was 100 per cent effective probably at the end of 50 years the tenants would own them anyway, and that would be the ideal solution. So there is a strong difference of opinion there, and at this date it doesn't show many signs of being resolved. But those are the general guidelines on which we operate.

MR. HENDERSON:

Mr. Chairman, just before we leave this particular aspect of the housing business, these are remarks by Mr. Basford in the federal House on amendments to what I believe was the National Housing Act. Just one question here. He makes a statement that generally indicates there has been some sort of agreement with the provinces -- he's talking about the different things they are going to do here. It refers to: "agreed upon recently for a three-year commitment of more funds so that the federal and provincial housing agencies can plan for more than one year." Then he goes on a little bit here and says, "a part of which will be the process of getting housing away from the counter-cyclical economic device that has often been in the past." Could the minister elaborate on what this three-year commitment refers to? Has he been in consultation with the minister on it? I assume he's talking about some sort of agreement with the provinces.

MR. RUSSELL:

Yes, generally the chronology of what happened is that about a year ago the federal minister indicated he was going to submit amendments to The National Housing Act and they were sent to each provincial minister on a confidential basis for individual comments. I gather the comments he received were so varied that he did make the commitment that notwithstanding the fact he tabled the amendments prior to the last federal election -- and I guess they got first reading, but I don't know if they went to second reading or not -- with the understanding he'd have further consultation. Then summer went on, they had the election and you know what happened. He has brought them back the second time. In the interim, there was this federal-provincial housing conference I mentioned. During those intervening months each province, at a working official's level, had had pretty substantial ongoing working consultations with the federal officials. So that by the time we reached the point of the conference in late January, the points of contention and the points of agreement had been fairly well defined. It was at that conference in January where he made the commitment of the three-year projected budget to the provincial

ministers. It was done in the term of dollars available. I can't recall what the amount was. Then we discussed the programs that would be incorporated in the new amendments. The third thing that was done is that we set up committees of working officials in each province who would be responsible for drafting regulations.

MR. CHAIRMAN:

No further questions?

MR. CLARK:

I'd like to ask the minister just briefly to go through the procedure that is used for a land assembly program in rural Alberta -- in village or town.

MR. RUSSELL:

Well, the request would come from the municipal government. I don't think, to date, there has been one from a rural municipality. But in the case of a town or a village the municipal council would put in a request, a letter or a phone call or something, for a land assembly project in their municipality. The personnel from the housing corporation then go out and take an on-the-spot survey of what's available and what they think the projected needs are. They may come back with one of many kinds of recommendations, a flat no or a strong yes, or not now, but maybe in a year, or something like that. But in any case the board of directors of the corporation which meets regularly at about three week intervals, sometimes four weeks, decides on the recommendation. If the decision is to go ahead then the wheels are put in motion and they go ahead. Sometimes, if the answer is no, the answer is sent back to the municipality and they are not satisfied and they will come back with some kind of appeal and the thing will start over again. Maybe you're talking about Crossfield in this respect because that's exactly what happened in that case.

MR. CLARK:

If I just follow it along then, and ask if it's possible for a local municipality, namely Crossfield, to appear before the board?

MR. RUSSELL:

Well, nobody ever has and there is really no reason for them to. But yet I can't think, if circumstances warranted, why we wouldn't want to hear them. There is really no hard or fast rule.

MR. DIXON:

Mr. Chairman, just before we leave this vote on Alberta Housing, I read in the press reports that Alberta Housing directors disclosed the land they owned according to a regulation set down by yourself when you became chairman of the Alberta Housing Corporation. Is this information kept secret just for the minister? Or who has access to the information on the landholdings of the present directors of the Alberta Housing Corporation?

MR. RUSSELL:

I don't think there is any such requirement for AHC directors. Are you sure you aren't talking about Alberta -- well, some other Crown company? I don't believe that's a requirement for Alberta Housing.

MR. DIXON:

According to Mr. Jim Landsky, Mr. Chairman, is he the executive director of our executive secretariat? Well according to Mr. Landsky, this is one of the recommendations that you laid down according to the regulations and I'm just wondering who has access to that information? Can we as members ask for the information? You're saying you haven't got it, but here's your director who says that there is a file on all directors of the Alberta Housing Corporation.

MR. RUSSELL:

I'm sorry, I don't know what you're talking about.

MR. DIXON:

Well, I'll just read this article which appeared in The Lethbridge Herald of April 21, 1973. Jim Landsky said "The Lougheed administration is extremely sensitive to charges of patronage and would not have permitted such a thing." I won't bother with several of the mentioned people's names but anyway Mr. Landsky said that:

to the corporation all of their property holdings.

This regulation was set down by corporation chairman Dave Russell -- who is also Alberta Municipal Affairs Minister -- at the first meeting of the corporation board of the directors following Mr. Russell's appointment as chairman.

MR. RUSSELL:

Well, Mr. Chairman, I'd have to go back and check the minutes of that meeting to see if that happened. I honestly don't recall it under the circumstances that you mentioned. But, you know, I could have completely forgotten it.

Appropriation 2135 Agreed to:

\$5,669,988

MR. BENOIT:

One more question, please. The liaison officer last year prepared, or was responsible for the publishing of the Communal Properties Report. Then later on when we set up the liaison officer in the committee, the announcement came from the Minister of Agriculture. Under whose jurisdiction is the liaison officer actually working with this common property liaison office?

MR. RUSSELL:

It's in Vote 2104 in this department.

MR. BENOIT:

That's not the same liaison officer though?

MR. RUSSELL:

It's a Dr. Platt.

MR. BENOIT:

Oh, he is now for the municipal affairs and for the properties also?

MR. RUSSELL:

Mr. Chairman, there shouldn't be any confusion. There used to be a staff definition in the department called liaison officer, who has now been switched into the Bureau of Public Affairs where most of these kinds of public relations people are, but this liaison office is a communal properties liaison office.

MR. CLARK:

Mr. Chairman, I'd like to ask the minister, just as we conclude the estimates, if he has had an opportunity yet to assess the information put forward by the City of Edmonton with regard to the equalized assessment problem and the foundation program funds. Because the information that I have received is that last year, in 1972, the government grant portion of the foundation program, in other words of the money that the Edmonton public and separate school boards got out of the foundation fund 60.5 per cent of that would come from the general revenue funds of the province and 39.5 per cent of that money would be made up of the 30 mills on the equalized assessment in Edmonton. But in 1972 under this situation that the City of Edmonton and its school systems now finds itself, as opposed to last year, the city taxpayer put in 39.5 per cent. This year he is going to put in 51.8 per cent and the province's share is going to go down from 60.5 per cent to 48.2 per cent, which if these figures are correct is a complete reversal of the trend which has taken place for the past number of years, not only in the City of Edmonton, but across the province. And I would like to ask the minister if he has had an opportunity to look at this yet, and are these figures accurate?

MR. RUSSELL:

Oh, there is no question that the figures are accurate, but I think if they are interpreted incorrectly they can be misleading. In other words, it is a contribution into a provincial foundation fund, as you are probably well aware, in order to try and give the same basic level of education to kids throughout the province.

So when you look at what Edmonton is getting this year, as opposed to last year, they got \$79 million out of the fund last year, and they are going to get \$82 million out of the fund this year. So they are getting \$3 million more according to the Department of Education formula.

What is bothering them is that because of their dramatic increase in assessment, their contribution in is \$28.6 million and they are paying \$38.9 -- pardon me, their contribution in last year was \$28.6 as a result of new assessment plus reassessment. Their contribution this year is \$38.9. So it's really not realistic to start subtracting the one number from the other and saying the percentages are going differently, because that is bound to happen in any municipality in a year of reassessment.

MR. CLARK:

You mean to say that Edmonton is going to get \$2 million more out of the foundation program in general terms this year then they got last year and they are going to pay \$10 million more in?

MR. RUSSELL:

Yes, that is correct. And the problem is, I suppose, that what should have happened is that over the past four or five years they should have been paying more in, so that we wouldn't in this year be saying there is this dramatic increase this year. However, that's ancient history.

I suppose the next municipality to face this kind of increase will be the City of Calgary in 1975 and at that time we can expect a similar kind of argument from the. But until the two major cities at least get into the same year on a reassessment basis, you are going to have this odious comparison.

MR. KOZIAK:

Mr. Minister, on that particular point, this of course is subject to the City of Edmonton not pursuing whatever remedies they might have in appealing the contribution to the foundation plan, in appealing this to the Assessment Equalization Board. Is that not correct?

MR. RUSSELL:

Well that's correct. The City of Edmonton -- and this is why we have been anxious to recommend to them that they appeal it if they feel it is unfair, because they are not questioning their payments out of the funds, those are correct. They are apparently not disputing their payment into the fund so we are bound to have that difference. It is when they start comparing what Edmonton is doing with other municipalities, they feel it is imposing some kind of hardships.

MR. CLARK:

I appreciate the hon. Member for Edmonton Strathcona trying to improve the situation but we went through this round this afternoon and I think we all know we came to the point that it really was a matter of the City of Edmonton going to have to admit that its own assessment people had done the wrong job. That's the remedy they would have to find out for themselves going the route the hon. member suggests.

MR. KOZIAK:

Just on that particular point again, Mr. Chairman. That is, of course, one of the results. The other result would be that the appeal might find that the assessment generally within the City of Edmonton, I would imagine, might show the property values in other municipalities in the Province of Alberta are also higher. So relatively speaking Edmonton's assessment maybe should remain at that level and perhaps the assessment of other municipalities should be raised or conversely because of equalization if other municipalities have a higher value than the Edmonton contribution should be lower. That would be a decision of the equalization board I would imagine. Would it not, Mr. Minister?

Total Income Account agreed to: \$114,540,695

DR. HORNER:

Mr. Chairman, I move the committee rise and report and ask leave to sit again.

MR. CHAIRMAN:

Is that agreed?

HON. MEMBERS:

Agreed.

[Mr. Chairman left the Chair.]

* * * * *

[Mr. Speaker resumed the Chair.]

MR. DIACHUK:

Mr. Speaker, the Committee of Supply has had under consideration certain estimates, reports progress and begs leave to sit again.

MR. SPEAKER:

Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS:

Agreed.

DR. HORNER:

Mr. Speaker, I move the House do now adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER:

Having heard the motion for adjournment by the hon. Deputy Premier, do you all agree?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow afternoon at 2:30 o'clock.

[The House rose at 10:40 o'clock.]