

LEGISLATIVE ASSEMBLY OF ALBERTA**head: MINISTERIAL STATEMENTS**

Title: **Monday, April 18, 1977 2:30 p.m.**

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: TABLING RETURNS AND REPORTS

MR. MINIELY: Mr. Speaker, I would like to file with the House two copies of the auditor's report on the operation of the Mannville Municipal Hospital District No. 1.

MR. YURKO: Mr. Speaker, I'd like to file with the House two copies of Design Standards for Energy Conservation in Public Buildings.

MR. GETTY: Mr. Speaker, I'd like to file the reply to Motion for a Return 103.

MISS HUNLEY: Mr. Speaker, I wish to file copies of a study on megavitamin therapy, and the report of the task force on suicides. This is part of the joint report on accidents and suicides commissioned to the University of Alberta. Hon. members will be aware that the report on accidents, called the MacKenzie report, has already been filed.

head: INTRODUCTION OF SPECIAL GUESTS

MR. BATIUK: Mr. Speaker, it gives me pleasure today to introduce to you, and through you, 36 grade 10 students from Ryley school, county of Beaver, in the Vegreville constituency. They are accompanied by their teacher Mr. Oeste and their bus operator Mr. Kormaniski. I would ask the students, the teacher, and the bus operator to rise and be recognized by the House.

DR. PAPROSKI: Mr. Speaker, I'd like to introduce to you, and through you to the members of the Assembly, 20 members from the Edmonton Day Centre, rehabilitation. They're in the members gallery, Mr. Speaker, accompanied by their teacher/instructor Maxine Watchorn. I would like to congratulate them for taking an interest in the legislative process. They've assured me they'll be writing me about their concerns. I'd ask them now to rise and be recognized by the House.

MR. SCHMIDT: Mr. Speaker, it's my privilege this afternoon to introduce to you, and through you to the members of the Legislature, nine young adults from Leduc High School. The students and their teacher, Mr. Head, are seated in the public gallery. I would ask them to rise and receive the recognition of the House.

Disaster Services

DR. HORNER: Mr. Speaker, I'd like to make a ministerial statement relative to the flooding at Fort McMurray and, prior to doing that, to advise we're not completely out of the woods yet because of the break-up of the Clearwater River, now coming into the Athabasca, and because the Athabasca has not yet cleared. The paradox relative to this flooding is that the Athabasca usually goes out first, allowing the other rivers to empty. On this occasion, because of low water the Athabasca had an ice jam to the base of the river. As a direct consequence, we had some severe flooding.

The flooding was severe on April 13 and 14 and, as I noted, was caused by ice jamming at the Athabasca and Clearwater junction. Some 1,200 residents together with approximately 30 businesses have suffered varying degrees of flood damage. Fortunately, no citizens were injured. Approximately 75 residences received severe water damage, which may result in these homes being permanently uninhabitable.

Alberta Disaster Services was advised of the situation Thursday afternoon. An Environment engineer was dispatched to the scene, and the town of Fort McMurray activated its local disaster services organization. As a precaution, Mayor Chuck Knight activated a local state of emergency. The emergency disaster plan went into effect.

Friday at noon, some 600 pounds of dynamite were detonated at the jam site. This permitted the water to recede slowly from the flood plain Friday afternoon and evening. Friday afternoon and evening I visited the site with Mr. Tesolin, the MLA for Lac La Biche-McMurray, and with senior people from Housing, Environment, and Alberta Disaster Services. On Sunday an Alberta government team consisting of the various departments that have been involved, along with the federal representation, visited the flood plain and advised me with regard to their preliminary damage survey.

The temporary damage survey indicates that the initial estimate of costs in restoring damage and losses of approximately \$4.5 to \$5 million consists essentially of: approximately \$1.8 million to residences and their contents; approximately \$50,000 to municipal structures such as roads, bridges, and the water and sewer system. But we're not, and can't be, accurate relative to the sewer system until we can appraise that situation. There will be emergency operating costs in the neighborhood of \$400,000, temporary housing costs in the neighborhood of \$150,000, and damages to business premises and stock of approximately \$2 million.

As of today the following steps have been taken with respect to rehabilitation in Fort McMurray. An Alberta Disaster Services office will be opened at the regional commissioner's office in the Provincial Building, Fort McMurray, to commence the processing of damage claims at noon tomorrow. Public announcements by the media will be made this afternoon in the Fort McMurray area.

As claims are received, the Alberta government appraisers will undertake detailed examination of damages and losses. The Alberta Housing Corpora-

tion will be acting immediately with respect to emergency housing for residents whose homes are uninhabitable. We've advised the government of Canada of the situation, and have requested cost sharing of the disaster assistance in accordance with established practice.

Mr. Speaker, I want to stress that we will be providing disaster assistance to the Fort McMurray area on the same basis we have provided this kind of assistance to other areas of the province in the past several years, starting in 1972 with the formation of the new Disaster Services Act in this province. We will be following the guidelines we used in other areas of the province; essentially, to pay 80 per cent of the appraised value of damage compensation for privately owned residences and their contents. We will be paying 100 per cent compensation for municipal property. These are the guidelines we've used elsewhere.

Damage to businesses will have to be assessed on an individual basis, having regard to whether or not that business is essentially the livelihood of the individuals involved.

Effective tomorrow at noon, Mr. Tyler, the executive director of Alberta Disaster Services, will be in Fort McMurray to spearhead and co-ordinate rehabilitation procedures. I would suggest here that he could be contacted through the regional commissioner's office in Fort McMurray. All inquiries should be directed to him. He will be acting as a co-ordinator for the number of government departments and/or government corporations including Municipal Affairs, the Alberta Housing Corporation, the Department of the Environment, my own Department of Transportation, and Disaster Services. They will be working together as a team with the local officials and a very effective disaster committee they have on the local level.

I might just add, Mr. Speaker, that because of the additional concern at the moment, additional blasting is taking place on the Athabasca River downstream from Fort McMurray in an attempt to free the ice in the Athabasca River and allow the discharge of the Clearwater and the Hangingstone to pass through.

Thank you very much.

head: ORAL QUESTION PERIOD

Flooding — Fort McMurray

MR. CLARK: Mr. Speaker, I would like to direct the first question to the Deputy Premier in light of the announcement just made. The question flows from the announcement with regard to the timing [of] the appraisers arriving in town. Is the government in a position to indicate what kind of time line we are looking at from the time people make application to get the question appraised to when they could expect some of the 80 per cent that a number of people will need very seriously to keep body and soul together?

DR. HORNER: Mr. Speaker, the appraisal and assessment team, which is now fairly expert in its field, having done it in a variety of areas of the province, is headed by Mr. Schmidt from the Department of Municipal Affairs. They will be in Fort McMurray as I've said, and have the office open tomorrow. The

sequence of events will be that individuals will make their applications for damages as soon as an appraisal team can get into some of the sites. That may take a matter of days or a week or two. As soon as those appraisals are done, we will do everything possible to speed up any assistance that may be forthcoming.

MR. CLARK: Mr. Speaker, a supplementary question to either the Deputy Premier or the Minister of Housing and Public Works responsible for the Alberta Housing Corporation. What steps is the Alberta Housing Corporation considering or perhaps has already moved upon on the question of the availability of land for mobile homes, having regard for the fact that as I understand the situation, much of the problem has developed as a result of flooding in areas which really are temporary mobile home parks at this particular time?

MR. YURKO: Mr. Speaker, I guess the hon. member has asked a question about the availability of land for mobile home units on the longer rather than the immediate term. I could speak on both the immediate and longer term.

I should say the first thing our staff has done in Fort McMurray is establish a committee to take an inventory of empty units in the town which may belong to the Alberta Housing Corporation or indeed Great Canadian Oil Sands, Athabasca Realty or Northward Development. This inventory is being placed so almost immediate accommodation could be provided if and as necessary. That is the immediate situation.

On a slightly longer term, Mr. Speaker, you will realize that Gregoire park until recently had 929 mobile home lots occupied. Last year we made a decision to extend the Gregoire mobile home park by 325 units. One hundred and forty of these had been available and 160 are very close to being available. What's keeping us from bringing the other 60 on stream at this time is mud, but it's anticipated that within about 10 days the other 160 mobile home pads can be worked upon.

At the same time in area 5 we now have, as I announced last week, a number of lots coming on stream. There will be 109 single family lots ready to come on stream, 24 duplex lots, and 62 modular home lots presently available in area 5. On an emergency basis, we can use the duplex lots for putting mobile units on if necessary.

In addition, on the longer term area C in area 5A is planned to have a mobile home park of substantial proportions, but the plan of area C is being worked upon and will be submitted to the town for approval before very long. That's generally a very quick run-down of the mobile home situation in Fort McMurray.

I should indicate it's been known for some time that there will be a phased transfer of mobile home units from the lower town in some areas to the upper town, and this has and is being planned as a gradual transition.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Is there any way that Alberta Housing Corporation or, in fact, the government can speed up that phasing of the mobile home facilities that were permitted on a temporary basis in the downtown area to site 5, I think, or some of the other sites? I might also ask the minister at the same time: is it

site 5 where the lots are selling for something like \$22,500 per lot?

MR. YURKO: Mr. Speaker, to answer the last part first: the single family lots in Fort McMurray that I believe I alluded to last week, or several weeks ago, will be selling for an average price of \$23,000. The modular home lots will be averaging around \$18,650; the duplex units about \$16,650.

Now in regard to the phasing, Mr. Speaker, this is not necessarily a simple matter in that the allocation of lots in Fort McMurray has to be in such a way that everybody has an equal opportunity to obtain a lot, rather than only those employees who work for Syncrude or Great Canadian Oil Sands. I should indicate that an assessment is being done immediately as to whom the employees in the 75 homes seriously affected are working for. Indeed, if a majority are working for Great Canadian Oil Sands, then Great Canadian Oil Sands has a substantive stock of housing and land and perhaps could accommodate some of their own employees in terms of shifting.

If the majority of these mobile home owners, if you wish, are goods and services people who haven't received the priority of land allocation, as have Syncrude and Great Canadian Oil Sands people, they will receive higher priority in terms of moving up to the new lots in the newer areas.

I want to say that again. Because the two major corporations have had very high priority in terms of their land developments and provision of housing for their employees, it is our general preference to provide on a priority basis lots in the newer areas to the goods and services people in the town.

MR. CLARK: One last supplementary question to either the Deputy Premier or the Minister of Housing and Public Works. Will the announcement today cover the damage done in homes where there was no water damage as a result of the flooding in the immediate area but where sewage backed up into the basements of the houses?

DR. HORNER: Yes, Mr. Speaker. Those people will be making damage claims along with the others. Quite frankly those appraisals will probably be done initially, because we should be able to get in to appraise there faster than certain other areas.

MR. TESOLIN: Mr. Speaker, supplementary to the Deputy Premier. Are any provisions being made so the people who suffered damages might be assured of interim financing to purchase necessities immediately?

DR. HORNER: Yes, Mr. Speaker. I've instructed the director of Alberta Disaster Services, as one of his first obligations tomorrow, to visit with the financial institutions in Fort McMurray to apprise them of our compensation plans and set up the paper work that may be required to take assignments, et cetera, so people can in certain cases buy furniture and the very essential things required in basic residences.

MR. TESOLIN: A further supplementary to the Minister of Municipal Affairs. Could he advise the House who okayed the development of the Clearwater mobile home site?

MR. JOHNSTON: Mr. Speaker, it's my understanding that the Clearwater court was done by development as opposed to subdivision. Therefore it's generally within the responsibility of the town of Fort McMurray.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Municipal Affairs. In light of the extraordinary powers vested in the commissioner of northeastern Alberta, were there any discussions with the commissioner or any official of his office with respect to any of the development that took place in the affected areas?

MR. JOHNSTON: Mr. Speaker, I believe the development took place in 1972, which is before my time and, I believe, before the commissioner's time.

MR. NOTLEY: Mr. Speaker, a further supplementary. Is either the hon. Minister of Municipal Affairs or the hon. Minister of Housing and Public Works in a position to advise the Assembly what proposals the government has with respect to relocation beyond the temporary trailer parks, relocation on a larger basis of both homes and businesses that have been affected by the flood?

MR. YURKO: Mr. Speaker, my understanding is that the majority of the Clearwater trailer park was approved before 1972. I believe some 40 or 50 additional units were approved in 1972. The major part of the park was approved in 1963.

In regard to the transfer of some of the mobile units from the lower town to the upper town areas, Mr. Speaker, I thought I reviewed very briefly our plans in terms of the expansion of the Gregoire mobile home park by some 325 units starting last year. We have under consideration the possibility of expanding the Gregoire park even beyond that. At the same time, mobile home units are permitted in a number of the subdivisions in area 5. I indicated that at this time, 62 modular or mobile home lots are available in two of the new sections in area 5. At the same time, Mr. Speaker, I indicated that in area C, which is farthest from the bridge in the large area called 5A, a large mobile home park is in the planning stage at this time. It is intended to accommodate a majority of the trailer units from the lower townsite.

I must indicate again, though, that an inventory of the units in the lower townsite is being taken at this time to determine how many of these are owned and rented by Great Canadian Oil Sands or Athabasca Realty, and indeed are rented to their own employees. For some months that company, as well as Syncrude, has had the opportunity to move its employees from the lower townsite to additional accommodation in the upper townsite.

MR. NOTLEY: Mr. Speaker, a further supplementary question to any of the three ministers. In light of the fact that homes and businesses as well as trailers in the temporary trailer parks have been damaged, when will a decision be made with respect either to relocation of the entire area or diking, if that's possible, to make it possible for businesses and homes to continue in the present place?

DR. HORNER: Mr. Speaker, perhaps I should point out that while no one can control flooding, my information is that the last major flood of this consequence happened in 1936.

As I indicated at the outset, this is a most unusual set of circumstances. The paradox was in fact that a lack of water to flush out the Athabasca River caused the flooding. That's a real paradox of nature, I suppose.

The question of longer term planning will have to be looked at very seriously by a variety of departments. The question of whether a diking system is useful has been looked at in the past and was turned down by the town. It may be useful if it was looked at again. A variety of other matters relative to ice breaking will be looked at for future consideration, because if we can prevent these things it'll be that much better.

MR. RUSSELL: Mr. Speaker, I think it's important to supplement the answer with respect to diking. Some members may recall that, I believe in 1973, the then Minister of Municipal Affairs asked the then Minister of the Environment to put a restricted development area around the town of Fort McMurray which was supposed to act as a combination dike and major circulation road. That restricted development area is still in existence.

Ironically we have a letter on file from the town asking us to remove it and free the land for development. If you look today at the map of that restricted development area and the flood-water line that occurred, the two lines are almost identical.

MR. SPEAKER: Might this be the final supplementary on this topic.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Municipal Affairs, flowing from the answer from the hon. Minister of the Environment. In view of the restricted development area set up in 1973, was the commissioner of northeastern Alberta apprized of the potential, and was any concern expressed by his office concerning this question to the minister?

MR. JOHNSTON: Mr. Speaker, there is no correspondence or communication from the commissioner to me on that topic. But it was well understood by the residents of Fort McMurray, and the contours had been plotted to describe the potential danger, elevation-wise, from the Clearwater River. That was clearly spelled out in the general plan approved by the town in 1972.

Heavy Oil

MR. CLARK: Mr. Speaker, I'd like to direct the second question to the Minister of Energy and Natural Resources. It flows from an announcement that came from Saskatchewan with regard to the province of Saskatchewan and the federal government entering into negotiations for the construction of a heavy oil refinery in the Lloydminster area. Has Alberta been involved in the discussions between the federal government and the province of Saskatchewan with regard to those two governments going ahead with a heavy oil refinery at Lloydminster?

MR. GETTY: No, Mr. Speaker, I haven't in any official way. I do recall — I participated in the energy ministers' meeting in Ottawa recently — that the Saskatchewan Minister of Energy made a comment about future supplies coming from heavy oil and that the government of Saskatchewan was going to attempt to stimulate interest on the Saskatchewan side. I have said before in the House that there are three or four different groups looking into the possibility of a heavy oil upgrading facility on the Alberta side.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Is it the policy position of the government of Alberta that the heavy oil finds in the Lloydminster area are large enough that in fact more than one heavy oil plant could go ahead and be viable?

MR. GETTY: Mr. Speaker, I think the hon. Leader of the Opposition is talking about the Lloydminster type of heavy oil rather than the Lloydminster area. Yes, there are considerable heavy oil reserves that could lead to more than one than plant.

Mannville Hospital

MR. LYSONS: Mr. Speaker, I'd like to address this question to the Minister of Hospitals and Medical Care, in regard to the Mannville hospital audit. I'd like to have the minister's comments on whether there was any evidence of wrongdoing by the board, staff, or administration.

MR. MINIELY: Mr. Speaker, I would refer the hon. member to the bottom of page 1 of the auditor's report:

While there are a number of matters we wish to bring to your attention, we would like first to report that we found no evidence of wrong doing for personal gain on the part of any member of the Board of Trustees or of the administration.

Land — Foreign Ownership

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Federal and Intergovernmental Affairs. Could the minister indicate if a decision has been reached by the government on whether to make the foreign land ownership legislation retroactive?

MR. HYNDMAN: Well, Mr. Speaker, the introduction of legislation with respect to that subject is reasonably imminent, within the next 10 days. So I think it would be better to discuss that very appropriate question within the context of the legislation which will be introduced very shortly.

MR. CLARK: A supplementary question to the minister. Is it the government's intention, once it has introduced this long-awaited legislation, to proceed in fact with passing the legislation at this spring session or to hold it over until the fall session?

MR. HYNDMAN: We haven't made a final decision on that, Mr. Speaker. But I think we would propose to introduce and pass the bill this spring, if that's appro-

priate. But the regulations would probably be tabled in draft form and held over until fall.

Calgary General Hospital

MR. KUSHNER: Mr. Speaker, I wish to direct my question to the Minister of Hospitals and Medical Care. Is the minister in a position to inform this Assembly when the psychiatric ward in the Calgary General Hospital will be completed?

MR. MINIELY: Mr. Speaker, in joint planning, my colleague the Minister of Social Services and Community Health and I are placing a high priority on the actual programming of the Calgary General Hospital psychiatric wing. Hon. members should be aware that the capital facility is largely constructed. The matter which must now be decided is the actual programming and level of program support to make the facility fully operational, to meet the needs of Calgary and southern Alberta.

MR. KUSHNER: A supplementary question to the minister, if I may, Mr. Speaker. Has the budget financial problem been resolved as far as buying equipment or staffing is concerned?

MR. MINIELY: Mr. Speaker, that is currently being given priority attention: the actual equipping of the facility, which doesn't form part of the capital contract; as well as the staffing patterns, numbers of staff who will be utilized in the different disciplines, and the level of overall annual operating budget program support that would be provided to the facility.

Crimes Against Wildlife

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Recreation, Parks and Wildlife. Is the government planning to construct a crime lab for the purpose of detecting and solving crimes against wildlife?

MR. ADAIR: No, Mr. Speaker. I believe you're referring to the conference that concluded this past week-end in Calgary. Certainly one of the ideas behind that conference was to better alert our staff members to the forensic areas of identification and possible assistance in completing charges laid against abusers of The Wildlife Act. But it's not our plan right now to go into capital construction of a facility.

Canadian Confederation

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Premier concerning the whole issue of the state of confederation and the speech of March 26. In light of the much heralded comments about the Prime Minister's speech to the nation tonight, which I gather will concentrate on the role of the west in Canada, have any discussions been held or has any consultation taken place between the hon. Premier and the Prime Minister prior to the making of the speech tonight?

MR. LOUGHEED: Mr. Speaker, that's a difficult question to answer in the sense that, as I think I've made apparent on a number of occasions in this Legisla-

ture, it's important that both the Prime Minister and I feel we're in a position to have communications from time to time and that they remain privileged, at least to a subsequent point. Our discussions recently have naturally involved the question of Canadian unity, but I would prefer not to respond to that question until I've had the opportunity of hearing the Prime Minister's remarks tonight. If the hon. member wishes to direct a question to me tomorrow on the subject, I may be in a better position to respond.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Premier flowing from the Premier's remarks about the objective of both the province of Quebec and the province of Alberta wanting less centralization. Have any formal discussions taken place between the hon. Premier and the Premier of Quebec, Mr. Levesque, concerning this objective stated in the Premier's speech?

MR. LOUGHEED: Mr. Speaker, it would be apparent to me that the hon. member has misread the import of my remarks. What I was very clearly saying was that I sensed the people of Quebec were interested in a situation where more of the decision-making may take place within their own province and less by Ottawa, and that that was similar to the views I sensed of the people of Alberta. I believe at this stage at least it would be inappropriate for discussions on a government-to-government basis to develop.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. Premier. If I'll be permitted the latitude of a brief word of explanation, Mr. Parizeau the Finance Minister has indicated that one of his reasons for becoming a separatist is that he is convinced decentralization of power in Canada would lead to the balkanization of the country. In light of the importance of both his remarks and the concerns of the Minister of Finance in Quebec, has the Premier had an opportunity to evaluate and review the position of the Quebec Finance Minister on the question of further decentralization of the decision-making process?

MR. LOUGHEED: Mr. Speaker, I would hope Albertans and members of the Legislative Assembly would be very careful with this issue and not be naive. It strikes me quite clearly that if one had as an objective the point of view of developing economic association between the province of Quebec and the rest of Canada, quite obviously it would be much easier and much more convenient if that negotiation, which we hope would never come to pass, could be conducted as a negotiation of a bilateral nature between the government of Quebec and the federal government in Ottawa and not have to go through the complexity of negotiation involving nine other provincial governments. So one would hope Albertans would not be naive in this direction.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. Premier. Is the Premier in a position to outline to the Assembly whether the government of Alberta has any specific view at this time with respect to areas of jurisdiction that might be transferred from the federal government to the provinces in order to make decentralization operative?

MR. LOUGHEED: Mr. Speaker, as I said in my remarks that the hon. member was quoting from, it involves more the question of the spirit and intent of Confederation rather than constitutional readjustments, although one should be open to them. As I believe I said on an earlier occasion — or we tabled letters to the Prime Minister with regard to constitutional review — our concerns lie more in the federal government respecting the spirit and intent of the constitution.

First, with regard to natural resources, I'm sure all are aware of the position the government of Saskatchewan is in right now. Of course we have discussed here many times the ways in which the federal government has attempted to reduce the impact of the provincial ownership of natural resources.

I think there is a specific case where a constitutional revision at this time in Confederation should be assessed. That is the nature of the Supreme Court of Canada. It's our growing view that the Supreme Court of Canada should have separated from it its constitutional court factor. It should be looked on in one way or another; in other words, as the highest court in the land by way of appeal, or a constitutional court should be established in which the provinces would have an opportunity not just to recommend but participate in the actual selection of the judges. That is one area of constitutional revision that this government has a growing interest in seeing developing. We think it would be in the Canadian interest for it to occur.

MR. NOTLEY: Mr. Speaker, one final supplementary question. This is a follow-up to a question I put to the hon. Premier last week. In light of the current discussion — one might even say "preoccupation", and correctly so, with the future of the country and the options of possible changes in the constitution or in the mood of leadership — is the government of Alberta giving any consideration at this time to preparing a definitive position, a policy paper which could be tabled in the Legislature that would clearly lay out for the people of Alberta the options this government sees in the constitutional process, bearing in mind the dramatic events that have taken place in the last few months and the developments unfolding now?

MR. LOUGHEED: Mr. Speaker, that matter has been assessed, and the conclusion of the government is that it would not be in the best interests of Alberta to do so. What is more important is, first of all, to establish the basic attitude and philosophy toward these matters by the Alberta government, and that is contained in my remarks of March 26; on a constitutional basis to set forth our views, which we have done, and that correspondence has been tabled in this Legislature — I'm referring to the correspondence, and I don't have in my mind the precise dates, with the Prime Minister on constitutional matters. Then through a course of many other meetings and issues that are involved on a federal/provincial basis, to reflect both our constitutional policy position and our view with regard to Canadian unity in many of the decisions we have to make. For example, I think of the decision we made on the Canada investment division of the heritage savings trust fund with the government of Newfoundland.

I think the government of Alberta in these dynamic

and very difficult times is much better to be in the position of having an overall position of policy and philosophy, then dealing with these issues in the best interests of Alberta as they develop and evolve in a very dynamic and rapidly changing scene.

MR. CLARK: Mr. Speaker, I would like to direct a supplementary question to the Premier. It really flows from a question I asked earlier with regard to the possibility of this whole question of the new constitutional situation in Canada after the change of government in Quebec — I asked if Alberta had asked to have the question placed at the next meeting of the western Premiers. Has the Premier had an opportunity to check and see if that matter will be on the agenda at the next meeting which, if my memory is correct, is in Brandon in May?

MR. HYNDMAN: Mr. Speaker, the lead taken with regard to setting up of agendas at those kinds of meetings lies with the Premier of the province of Manitoba. Undoubtedly, at some public or private occasion the subject will come up, either directly or peripherally. But at this time the final agenda has not been finalized to the extent that it is definitely known that would be something on the agenda. That would be known probably within a week or so, depending on the initiatives from Manitoba.

MR. CLARK: Mr. Speaker, a supplementary question to the Government House Leader. Has the Alberta government indicated to Manitoba that, in fact, Alberta felt it would be in the best interests of Alberta and western Canada to have the matter on the agenda?

MR. HYNDMAN: We have indicated, Mr. Speaker, as I think most other provinces might wish to do at some stage, that we feel the matter is of current interest, not only to Canada but to western Canada, and that we are confident that under some heading it will be discussed publicly, privately, or otherwise by the Premiers at the forthcoming meeting.

MR. TAYLOR: A supplementary to the hon. Premier. Conversely to the questions asked by the hon. Member for Spirit River-Fairview, in regard to the items presently in the BNA Act that are completely under the jurisdiction of the provinces, have there been any suggestions or recommendations as to which ones might be transferred to the federal government in the interests of centralization?

MR. LOUGHEED: Mr. Speaker, as I was attempting to respond to one of the earlier questions, our difficulty and I think the Canadian nation's difficulty over the past number of years has not been so much an effort by the federal government to change the constitutional terms by transferring responsibility from the province to the federal government, but, by taking a multitude of actions — for example by the use of the federal public purse, by pressures with regard to litigation in a constitutional sense — in all these areas reducing the impact and influence of provincial governments. I think it's quite clear we have in Canada and in this Legislature today a very important need to assure that provincial governments are, in fact, strong and not weakened at this particular time.

Rent Control

MR. R. SPEAKER: Mr. Speaker, my question is to the hon. Minister of Consumer and Corporate Affairs. To better understand the minister's sincerity in making a decision and to set the framework for my questions this week, I wonder if the minister could advise whether the decision on rent controls will be this week.

MR. HARLE: Mr. Speaker, as I've said on a number of occasions, as soon as the decision has been made it will be announced.

MR. TAYLOR: A supplementary to the hon. minister. Do you think we could have a record made so we wouldn't have to hear this every day? [laughter]

MR. CLARK: It would be far better if we had a decision.

Mannville Hospital (continued)

MR. CLARK: Mr. Speaker, I would like to direct a question to the Minister of Hospitals and Medical Care and ask what action he plans to take as a result of the report by the chartered accountants on the Mannville Municipal Hospital.

MR. MINIELY: Mr. Speaker, as I indicated in reply to the hon. Member for Vermilion-Viking, the auditor's report — and I will not repeat because it should stand on its own merits as an independent report of the auditor — indicates they found no evidence of wrongdoing for personal gain on the part of any member of the board of trustees or of the administration.

However, I believe the Legislature is aware, Mr. Speaker — and the hon. leader, in answer to his question — that there is a financial crisis at the hospital with respect to the 1976 operation. The member representing Vermilion-Viking constituency and the Mannville hospital, and I, met with the board and administration on I believe Thursday of last week. There is no sound basis for adjusting the budget of the Mannville hospital for 1976. I quote the auditor's statement on the bottom of page 2:

We have come to the conclusion that the Board of Trustees and the administration have not seriously attempted to reduce costs, taking into account the spending restraints imposed by the Provincial Government on all hospitals operating in the province.

Mr. Speaker, I advised the board and administration that we would solve the current financial crisis by adjusting the budget to provide the moneys needed to operate the hospital, but in the event of recurrence of this kind of thing by the board and administration, I would have no alternative but to ask for their resignations.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Is the minister indicating to the House that he has agreed to increase the operating allocations for the board — some \$97,819 this year — above what they would have been had the deficit not been there?

MR. MINIELY: No, Mr. Speaker. My intention is to analyse again, for the third time, the amount of money that will be required by the hospital. It may be the figure the hon. leader raises. Even though we cannot find justification for it — basically we have a bankrupt hospital on our hands. We must not set an example throughout the hospital system in Alberta, where the auditor's report indicates or raises question as to the justification for the deficit. I've indicated to the board that we would determine whatever amount of money was required to keep the hospital operations solid and to keep the quality of care in that hospital at the level it should be.

But having said we would adjust that budget this year, if there was any recurrence of the hospital operating in a deficit on an unjustified basis, I would have no alternative but to ask for the resignation of the board and the administrator.

MR. CLARK: Mr. Speaker, a further supplementary question to the minister. What direction did the minister give the hospital board with regard to the construction of the staff residence without proper approval?

MR. MINIELY: Mr. Speaker, I think the hon. leader is as capable as I am of reading the auditor's report, which covers that matter.

MR. CLARK: Mr. Speaker, the question to the minister, if he'd listen, was what direction the minister gave the hospital board on that question of the hospital board going ahead and building the nurses' residence without approval.

MR. MINIELY: Well, Mr. Speaker, I'm sure the hon. leader is capable of reading. The history of that is covered in the auditor's report. It is an independent auditor's report. Since the matter has publicly been not black and white but interpreted as gray, I would refer the hon. leader to the independent auditor's comments in the report on that matter.

MR. CLARK: Mr. Speaker, I'd like to ask a further question of the minister. In the course of the meeting the minister had with the hospital board last week, did the minister discuss with the hospital board the question of going ahead and building the residence without approval?

MR. MINIELY: Mr. Speaker, again that's just another way of asking the same question. I think it's important. This is an independent auditor's report.

MR. CLARK: Just say yes or no.

MR. MINIELY: It is not my intention as the minister, Mr. Speaker, to form judgment or make comment on the independent report.

MR. CLARK: I didn't ask for judgment.

MR. MINIELY: I'm sure the hon. leader can read it as easily as anyone else can in the Legislature.

MR. CLARK: Just say yes or no.

Aircraft Color

MR. TAYLOR: Mr. Speaker, my question is to the hon. Deputy Premier and Minister of Transportation. In view of the fact that it is very difficult to find aircraft painted white that are lost in winter, and in summer if painted green, has the aircraft division of the Department of Transportation given any thought to banning green and white on small aircraft?

DR. HORNER: Mr. Speaker, I'm not sure we've given it any consideration. We are aware of the difficulties, though, particularly relative to the latest accident in southern Alberta where a white aircraft was difficult to spot. I would think that would come under the federal MoT regulations, but I'd be very happy to pass on that suggestion and reinforce it by the example.

MR. LOUGHEED: Mr. Speaker, a supplementary answer. I've been trying to get them to change it to blaze orange and royal blue, but I keep getting turned down. [laughter]

Sulphur Dioxide Emissions

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of the Environment. Is the minister in a position to advise the Assembly whether the Department of the Environment has undertaken any special review or study of the problems of SO₂ emissions from sour gas plants in relation to existing soil acidity problems in the Peace River country?

MR. RUSSELL: Mr. Speaker, the Energy Resources Conservation Board, working with the Department of the Environment, has identified a number of areas throughout the province, not just limited to the Peace River area, where that whole class of problems is being investigated in co-operation with the operator located in each place involved. We expect to have a very comprehensive report on that matter within three or four months.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is the minister in a position to advise the Assembly whether the Department of the Environment or any officials of the department held discussions with the Grande Prairie county development appeal board prior to its decision to allow the Teepee Creek gas plant two years prior to the installation of sulphur recovery equipment?

MR. RUSSELL: I'm sorry, Mr. Speaker, I misunderstood the first question. I thought the hon. member was referring to existing installations, and I gave my answer in that light. I now understand the issue he's getting at.

I believe there were discussions with the development appeal board in Grande Prairie and with citizen groups. Although sulphur recovery facilities were not required under existing law for that particular installation, the conditional approval was given on the basis that sulphur recovery facilities would be installed within two years.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Were discussions held between officials of the department and the Grande Prairie

county development appeal board prior to the board's decision to insert the two years?

MR. RUSSELL: Mr. Speaker, I'm sorry, I can't answer that question without referring to the file. I know there were a number of meetings and discussions with a variety of interested groups. I'm unable to give a specific answer without checking the file, but I'll undertake to do that and report to the member.

MR. SPEAKER: Might this be the last supplementary on this question.

MR. NOTLEY: Once the ERCB report is made on this question of soil acidity problems, can the minister outline to the Assembly what the procedure will be? Will the government ask the ECA to hold public hearings once they receive that report?

MR. RUSSELL: I'm only guessing at this time, Mr. Speaker, but I would say no. The matter really deals with industrial safety, and the onus will be on the industries to provide adequate safety controls.

MR. SPEAKER: If the hon. Member for Little Bow, whom I've already recognized, has a short question which permits a short answer, we might fit it in.

Liquor Outlets — Edmonton

MR. R. SPEAKER: Mr. Speaker, I appreciate it very much and my question will be short. It's to the Minister of Social Services and Community Health. Is AADAC or the minister's department currently undertaking any studies respecting the relationship of the high proportion of liquor outlets in downtown Edmonton to the serious alcohol problem in that area?

MISS HUNLEY: Mr. Speaker, I don't know that the two really do link up. I haven't discussed the matter with the commission, though I would be pleased to do so. I know they have met with various groups in the downtown core to discuss a variety of areas. But whether they've done any statistical studies as to how many outlets there are down there, I wouldn't have that information.

ORDERS OF THE DAY

head: GOVERNMENT MOTIONS (Committee of Supply)

[Dr. McCrimmon in the Chair]

MR. CHAIRMAN: The Committee of Supply will come to order.

Department of Municipal Affairs

MR. CHAIRMAN: Would the chairman of Subcommittee A have a report with respect to that committee?

MR. SHABEN: Mr. Chairman, pursuant to instructions contained in Committee of Supply resolution of Monday, March 21, 1977, Subcommittee A of the Committee of Supply has had under consideration the

estimates of expenditures for the fiscal year ending March 31, 1978, for the Department of Municipal Affairs. Subcommittee A recommends to the Committee of Supply the estimates of \$97,264,672.

MR. CHAIRMAN: You have heard the report of the chairman of Subcommittee A. Is the committee prepared to accept the report?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Mr. Minister, do you have any opening remarks?

MR. JOHNSTON: No, Mr. Chairman.

MR. NOTLEY: Mr. Chairman, in beginning discussion of these estimates I'd like to make a few general observations, then move on to one or two specific questions.

The general observation really comes down to making a strong pitch in the estimates, where the minister has to answer, for a matter I raised in the form of a private member's resolution concerning the whole question of revenue sharing between the provincial government and the municipalities. Without rehashing all the arguments, Mr. Chairman, quite frankly it's a little difficult to understand the position of the government when they say, we want to get out of cost-shared programs federally. It's necessary that the provinces have the latitude to model hospitalization programs, medicare programs, social assistance programs, advanced education programs. Cost sharing has been a hindrance — too many regulations, too many civil servants in Ottawa who are too far away from the people of Alberta to have any understanding of what's necessary.

Mr. Chairman, frankly there are some valid arguments for the position the government of Alberta has taken. No question about that. I would argue that, as a concept, cost sharing has probably improved the quality of life. But I accept most of the arguments raised by opponents of cost sharing between federal and provincial governments. No question about that. Look at what has happened in the area of hospitals, for example, where we have far too many active treatment beds and not nearly enough nursing home beds, and what have you.

But all the arguments that can be presented so forcefully by the Premier when he goes to a premiers' conference, or by various ministers when they look at the purview of their departments vis-a-vis federal programs, can be applied with as much validity by the municipalities as they look at their relationship with the province. Mr. Chairman, I know one can argue that it's a slightly different thing, that provinces are recognized under the terms of the British North America Act and municipalities are not. Fine. However, I don't think that distinction is valid in terms of actual practice.

Municipal government is supplying a very important level of service to people in this country. I would argue that in the delivery of services we really have to adopt, if you like, almost a partnership philosophy between the province and the municipalities, and not look upon local government simply as the creature of the province or the children of the province. I won't rework that already well-rehashed phrase. But it

reveals a state of mind that I think disturbs many people at the local government level.

I would just say to the minister, I know it's not easy to come in one day and say, all right, we're going to do away with all the cost-shared programs and conditional grants, and we are going to bring in revenue sharing. No one is saying, do that tomorrow. But I'm saying it seems to me the argument can be made, and on pretty persuasive grounds, that we should be moving in that direction and that we should be stating clearly to the municipalities that that is the direction we intend to move.

Now, Mr. Chairman, the specific questions I want to raise relate to where things presently stand in the county of St. Paul, where the minister appointed an administrator not only to look into the affairs of the county but in fact to be in a position of countersigning all cheques, of having very substantial powers. I recognize the minister has those powers under the present act. I'd like to know just where things now stand vis-a-vis the appointed person in the county of St. Paul, how long the minister foresees the situation continuing, and whether he sees any other municipalities in this province that are in serious enough shape that this kind of move will be necessary as far as their finances are concerned?

MR. JOHNSTON: Well, Mr. Chairman, of course the hon. Member for Spirit River-Fairview initiated the discussion with respect to the very contentious area of revenue sharing, which is clear in our minds. One could probably parrot the same arguments the member suggested in defence of the position taken by the government, as the hon. member indicated.

I would only draw to the attention of members of the Assembly that a quick reconciliation I had prepared of the 1977-78 contributions of the province of Alberta to the municipalities — that is, contributions by way of transfer — would total something in the order of \$210,880,000. It is interesting to note that in 1977-78, that would constitute about 13 provincial tax points in terms of the provincial budget.

Now these dollars are being transferred to the municipalities. I agree that some of them are transferred by way of conditions. But some — about \$60 million, which is reflected in my budget this year — is contributed to the municipalities by way of unconditional grants. That 13 points is substantially above any level of support given to municipalities in other provinces, and is far greater than the anticipated revenue sharing now being discussed either specifically in the province of Manitoba or in very broad, general context with respect to Saskatchewan and British Columbia.

I agree that I would like to see more flexibility in the hands of municipalities. Flexibility can take many forms. I think flexibility in terms of some of the ways conditional grants are spent is one direction we can move, and I think there has been a suggestion that greater flexibility could be given to the municipalities in dealing with these conditional grants. We hope to be able to pursue that. In fact that was recently discussed with a delegation from the Alberta Association of Municipal Districts and Counties. There was a reaction from the government, a positive reaction I might add, which would suggest we would pursue that further, and indeed we are doing that.

Also I have to look at the general economic poten-

tial in the province of Alberta. I suppose the economic potential is justified as a criterion because one of the reasons you would look at a revenue-sharing program of course is the question of need. Are the municipalities in fact in a financially tough position? That is perhaps part of the question the hon. member alluded to in his second question. I would have to advise the House that the two metropolitan areas — the city of Calgary is experiencing substantial surpluses in 1977. In fact it's been widely discussed that in 1976 the city of Calgary expects to have a surplus of something in the order of \$12 million. This has to be cast in reference to the effect on the property tax and the effect of the economic growth of Alberta as a whole.

First of all, in a recent survey Edmonton and Calgary are experiencing the lowest property tax, either on a per capita basis or on an average basis, of any large urban municipality throughout the Dominion of Canada. First and second, in fact it will vary, depending on whether you use per capita or an average basis. This means the property tax has a real potential for expansion. It's at a very low level, it is not challenging the disposable income of the property holder, and it allows the municipality a substantial amount of increase without unduly confiscating ownership rights on property.

Interesting enough as well, the city of Edmonton recently had its own internal debate as to whether or not it should increase the business tax, because they were embarrassed by the substantial increase of about \$800,000 anticipated in '77 which they thought was usury or a high rate. In fact it really reflects the vibrance, and the rent increases in the city itself.

We're saying the property tax is theirs exclusively. It's not the main source of revenue for the two metropolitan areas. In the balance of the province, it would maybe justify about 45 to 55 per cent of the total income of a municipality. Therefore there is a lot of flexibility in the municipalities' hands. They have a lot of room for expansion and I think the level of contributions in the province of Alberta, through our own programs of conditional and unconditional grants, is generally substantial. In fact, in 1977 we anticipate it would be equivalent to about 13 tax points.

I won't go into the arguments opposing revenue sharing. Those have been presented here, both on the hon. member's resolution and, of course, in the Premier's address of October 13, 1976. The hon. member recognized flexibility with respect to the provinces in dealing with the federal government. This past year the Treasurer was able to mount a substantial position on behalf of all provinces, in fact the first time the provinces were able to mount a unified position in their dealings on tax points with the federal government. I think the province needs and must maintain the flexibility to make quick decisions and to give and take in terms of these provincial taxes, which is extremely complex in terms of those trade-offs. I doubt very much that revenue sharing would allow the opportunity for the province to have that flexibility.

Secondly, the argument has been made that revenue sharing runs counter to the concept that those who raise the tax should spend the tax. We of course have the right of direct taxation. I don't

believe the municipalities have that right. Therefore they have exclusive jurisdiction in the area of property tax. We will not violate that area, and we hope they will not challenge us with respect to income tax or resource taxes.

Of course it also comes back to the question of how you would measure the redistribution, should a revenue sharing program be implemented. That is a quandary we face with our existing programs. But I think it would be further complicated or exacerbated should we move to revenue sharing, because the fiscal responsibility and fiscal need arguments would be very difficult to equate and measure on a uniform basis. I would very much doubt we could use population, which would seem to be one of the flowback arguments presented to us by the municipalities.

So without pursuing that debate any further, Mr. Chairman, I would merely state that the decision is there. We are allowing some flexibility with respect to other areas of revenue. I am sure the hon. member has noted that The Mobile Equipment Licensing Act which would allow a further income base for the cities and would provide about \$5 million or \$6 million of additional funds through 1978, based on the mobile equipment licensing assessments, has been introduced in this House.

Mr. Chairman, last year several of the municipalities throughout the province of Alberta experienced financial difficulties. They were generally occasioned by overexpenditures of the public works budget, expenditures which were dramatically above their budgeted levels and which in many cases generated severe financial liquidity problems for the municipalities. I think there were at least six or seven that I can recall offhand. In the case of St. Paul, we were forced to appoint an administrator there because the county itself was officially bankrupt. The bank had indicated to us that they were not going to meet the next payroll cheques, and unfortunately we had to make the move. Other counties, some in the north and one in fact in my own home area of the county of Lethbridge, also experienced financial difficulties. If these difficulties had been allowed to continue, they would have no doubt led the municipality into one of the worst financial situations possible.

I took the opportunity at various municipal meetings to express my concerns and to suggest that it was necessary for the municipalities, particularly the MDs and counties, to move to a program budget, one which allowed for a three-year operation and one which built a capital works project into their operating budget so that they had better planning and better understanding of resources and dollar needs over the next three to five years.

Specifically in the case of St. Paul, the preliminary information I have is that in 1976 a surplus of about \$400,000 to \$420,000 will be reported. This is up from their estimated surplus of 1976 by about \$100,000. I expect that I will maintain the administrator in the county of St. Paul through 1977. In fact, in the words of the mayor of St. Paul, we have learned a lot, it's been a good experience, we'd like to see him continue. We have that as the example of the way the inspector operated. We think they have rethought their process, if you like, experienced almost a rebirth of the budgeting and planning processes.

Generally, the other municipalities which were in

difficulty have also had an opportunity to tighten up and they are generating surpluses as well. The only municipality which has a deficit this year that has been reported to me is a new one. It's near the hon. Member of Little Bow; the municipal district of Taber, I believe, has a deficit of about \$150,000. But it's not a serious one. They have substantial assets to back it up. But I will make sure by way of correspondence that they understand that I understand there's a deficit this year.

MR. NOTLEY: Mr. Chairman, just to follow that on for a second or two. First of all, the minister made several points on revenue sharing. The first one I underlined here was that Edmonton and Calgary have very low tax rates and that provides some flexibility for increasing the property tax. Edmonton and Calgary may have relatively low property tax rates, but as one travels around the province you'll find there are quite a number of communities where quite frankly, Mr. Minister, they have very little flexibility. If one goes to the new town of Rainbow Lake and sees that their residential property tax is 103 mills, if I'm not mistaken, they don't need any more flexibility to increase property taxes. Because if they do, there isn't going to be anybody there. Their business assessment I think is, if I'm not mistaken, somewhere around 130. I could check these figures, but I know the residential property tax was 103. What I'm saying is that while one can single out the two major cities, around the province there are many communities that have rather excessive property tax rates at this time.

Now, turning to the second point the minister raised, the question of pay-out in any revenue-sharing formula, I would agree that is not an easy thing to establish. I also agree that it wouldn't be proper if you went into revenue sharing just to pay it out on a per capita basis, because I think there are factors beyond population numbers that have to be taken into consideration, for the same reason that I've argued in this House now for five years that the school foundation plan should not be based on just so much per student. One has to take into account the differences that exist in the province. So any pay-out formula on revenue sharing would start with population but would have a number of other factors built into it.

I spent some time with the Peace River town council, who are very strongly of the view that we should move to revenue sharing. They outlined a number of suggestions in the weighting formula that I thought were quite reasonable and would make it much fairer. They also suggested there would have to be some kind of commission, committee or what have you, perhaps chaired by the minister, so that there could be changes, representations made in the pay-out formula from year to year, if the government were to proceed on the road to revenue sharing.

Quite frankly at this point in time that's all very hypothetical because the minister has told us they're not going to move in that direction. But I'm just saying that I think Peace River is right, Mr. Minister, and we should be moving in that direction.

The suggestion was also made that he who raises the money should spend it. I suppose the federal government could make that argument as well. Rather than transferring money in cost-shared pro-

grams or even rebating tax points for that matter, maybe they could make the same argument just as convincingly, that they should be spending it. Yet that would be running counter to what this government has been saying in the last several years and what almost all provincial governments are now saying, that that sort of flexibility is needed at the provincial level. Mr. Chairman, with great respect to the minister it seems to me the basic arguments remain. I don't believe the opponents of revenue sharing have really been able to make the case. The minister properly points that we are providing more money. So be it. We're in a much better position than the vast majority of provinces to do that, as a result of our windfall from the higher price of energy.

However, I would like to move from there to deal with several other questions. The first question I'd like to put to the minister and have him outline in some detail is: at what point does the Department of Municipal Affairs begin to plan for major developments? For example, the present situation in Fort McMurray is a nightmare largely because we had major developments, then all the infrastructure had to come in after the fact, and we were forced to pass Bill 55 in 1974 and all the rest of it. The point I want to put to you, Mr. Minister, is at what point now are we planning for major developments? There's discussion now. It's obviously in the embryonic stage. No one is saying there's going to be a heavy oil plant built at Cold Lake tomorrow. But I'm putting it to you: at what point now are we beginning to plan for some of these major developments from the standpoint of municipal services and landbanking, for example, so we don't get into situations where fairly crafty businessmen are able to purchase land in the area and then make a handsome profit when the development does take place?

Perhaps we could just start there. It seems to me that is one of the most important responsibilities of the department now, of planning, so that not only when the headlines occur in the papers that X project, Y project, or Z project is proceeding . . . But to what extent have we done the advance planning, infrastructure, land assembly, what have you, so we can avoid some of the mistakes — I'm not here to lay any blame — that I think we all recognize have occurred in Fort McMurray?

MR. JOHNSTON: Mr. Chairman, without acknowledging that there are mistakes in Fort McMurray, I think Fort McMurray is a classic example of the mustering of contemporary resources and forces to meet the need. In fact, in the last two years, the housing need has now been met. Current information is that they will require about 2,835 homes for the Syncrude project and some of the service industry, and that's going to be delivered. When I came into the portfolio about two years ago, there was some uncertainty and the rate continued to increase. But over that period through the assistance of the commissioner, and Housing, Environment, Transportation, and other departments working together with that as a focus, I would state that Fort McMurray — as the hon. Member for Edmonton Calder pointed out — is on track. In fact the services will be delivered through 1977 in time for the completion of the plant in 1978.

But in the general area of planning, the hon. member makes a very good point. Of course we have

to be on top of the very rapid rate of real capital formation which is taking place in the province.

I should give some background to some of the comments. First of all, it must be remembered that about 70 to 75 per cent of the resource development in this province should take place in the improvement districts, those areas which are administered directly by the Department of Municipal Affairs and which, except for an advisory council, really have no elected officials or elected government. Because the IDs are managed very closely and because we deal with three-year budgets in the IDs, we are very alert to the kinds of changes and the kind of real capital formation or new investment or resource development which will be taking place in them.

Of course from time to time I'm fed information on the major developments expected in the area. This information comes to us through the co-ordination of various departments. As you know, one of the conditions for permission to develop or investigate any major resource area is that the human settlements item has to be satisfied.

With respect to the most recent one I dealt with, the Coal Branch area — particularly Luscar/Sterco — before the application was even processed there was considerable discussion with myself and with members of my department to ensure the human settlements question would be satisfied, planned for, and costed out before the permit was even applied to the Energy Resources Conservation Board and therefore subsequently into cabinet. We had substantial discussions. We laid out some of the ground rules we thought would be important. We had discussions with respect to who would bear the costs, what type of infrastructure would be required, and where the human settlement focus would take place should the development be pursued in the Luscar/Sterco mining area.

So we do have that opportunity to plan ahead. Generally before the permit is applied, we have early discussions as to where the human settlement will take place and who will bear the costs.

Thirdly, we should mention that of course the Crown controls much of the land in the province. Therefore in the case of land-banking we can control the land and move it into land-banking assembly programs very quickly, together with assistance from the Alberta Housing Corporation, which can move in a very dramatic way to bring land on stream.

Fourthly, the northeast region is one area which is of considerable concern. The hon. member mentioned Fort McMurray. We have completed, for example, very detailed studies as to site location, geotechnical studies, and costs of infrastructure for any proposed new town in that area should there be a decision or should we be required to move ahead with another Synchronic or oil sands plant.

So generally across the broad spectrum of resource development in this province, I think we are well ahead in our planning. We're well aware of the major developments which will take place. There's a great degree of co-ordination and co-operation among the various departments as we pursue particularly the human settlement questions from my portfolio responsibility and the aggregate resource development in the province as a whole.

MR. JAMISON: Mr. Chairman, I feel compelled to make some comments today on the situation which is developing as the Edmonton metropolitan area expands. Over the past five years most of the population growth has gone to Sherwood Park, St. Albert, Spruce Grove, the county of Parkland, the M.D. of Sturgeon, Leduc, Fort Saskatchewan, and Strathcona. Between 1971 and 1976 the city of Edmonton absorbed 28.7 per cent of this region's growth, while the subregion grew by 71.3 per cent. Edmonton is the only manufacturer of treated water and Edmonton takes a very large commuter population from the subregion to jobs in the city. The Edmonton road system must absorb this traffic from all directions.

This situation has led to serious jurisdictional problems between the various municipalities, with the provincial government in the role of "daddy" to them all. I have to question whether daddy is there to give direction to the municipalities, or merely to watch the fights.

I say this in all sincerity, Mr. Chairman, and I refer specifically to annexation hearings carried out by a wing of the Department of Municipal Affairs, the Local Authorities Board. The huge Castle Downs annexation to Edmonton was approved with no provision for adequate access roads. The LAB is presently conducting hearings for annexing 5,500 acres to St. Albert, which will bring St. Albert's boundaries to the edge of Castle Downs. The area will add some 50,000 people to St. Albert, and this will necessitate a massive increase in Edmonton-supplied water. Yet the LAB ruled that Edmonton could not make any submission to the hearing. As well Edmonton again will be forced to absorb a huge traffic volume into its road system. The hearing is estimated to cost \$300,000 or more. A recent Local Authorities Board hearing in Fort Saskatchewan cost in the neighborhood of, I believe, \$1 million.

Mr. Chairman, for the last five years I have been stressing that the municipalities involved in annexations should be required to get together for serious negotiations, with all their cards on the table, and thrash out the problem areas before applying to the Local Authorities Board. At this stage the departments of Municipal Affairs, the Environment, and Transportation should be available with sound advice on provincial government plans, what funds will be made available, and when to support the requirements of the proposed annexation. In other words, the province must make some decisions and announce them. For example, how long have the Hanson, McNally, and The future of this City reports by Edmonton been before the province with no reply and no decisions?

Lacking firm decisions, the land speculators have had a field day in Alberta. Growth continues like wildfire and, while the province awaits land-use studies, thousands of acres of prime agricultural land are being covered with housing and commercial development. How far will we have to transport food for the city of Edmonton, the metropolitan area? And how high will food costs go?

We seem to pay only lip service to land use. Last week I had the occasion to appear before the provincial planning board on behalf of a farmer and his son. They wanted only two acres of land for a house for the son. The economics of the farm are such that the son needs the two acres for a home so he can assist

with the farm work and also work at a job part-time. This request was turned down. Lip service to land use.

While whole sections in the Edmonton subregion are allowed to be covered, government still has made no decision on an improved formula for providing growing municipalities with a more adequate tax base — not to hand them everything they want, which would be foolhardy and probably unaffordable down the road. But the municipalities need assistance for the base requirements of water, sewer, police, and fire protection. With the proliferation of acreage homes, all using septic tanks and lagoons, we face a looming joint environmental problem unless the province takes action soon to assist municipalities, providing the basic requirements. Then let the municipalities take the responsibility for keeping the lid on costs of social and recreation services.

Mr. Chairman, let me say that I have full confidence in the Minister of Municipal Affairs. Given the backing of the government, Mr. Johnston has the ability to come up with an equitable funding program. He could start now on a program to reconcile the inequities, for example, between the county of Strathcona, with its enormous industrial assessment, and the municipalities of St. Albert and MD Sturgeon, with practically none.

In conclusion, Mr. Chairman, I'd like to refer to the permissive legislation in 1972 which gave municipalities the right to tax buildings under construction. This was a good move, and one I supported. However I want to remind the minister that the legislation should assist both the municipality and school board jurisdictions, particularly in fast growing centres. I am looking forward to an amendment this fall to The Municipal Government Act which will assure that both jurisdictions do in fact benefit.

Finally I'd like to say I believe it is time for this government to take the lead in the areas I have mentioned, before further growth occurs in the Edmonton region. While we study the studies, mistakes have been made. More will be made if we do not take this lead.

Thank you, Mr. Chairman.

MR. JOHNSTON: Well, Mr. Chairman, the hon. Member for St. Albert has made a very cogent and well-thought-out presentation during the estimates. I certainly appreciate the views he has expressed. They are views which have been of concern to others and to our department as well. I take the opportunity to respond to the three broad points he made.

First of all, the hon. member focussed on the question of urban form for the city of Edmonton and its immediate area, the metropolitan area. I know the hon. member is aware that the Edmonton Regional Planning Commission has just released its strategies for growth for the Edmonton metropolitan area. In that publication were four opportunities for strategies which blended various densities between the city of Edmonton and municipalities surrounding the city of Edmonton. We don't know which strategy will be selected, but there is a process whereby the municipalities themselves will be able to have input into the discussion on these options. There will be a substantial number of public hearings as well throughout the metropolitan area to discuss the views not only of the people but of the planners themselves, so that a

general idea can develop which would recognize the blend of densities between Edmonton and recognize the future locus of residential and industrial development in a wise and judicious land use manner, recognizing the character and individuality of the various municipalities throughout this area.

We don't know what it's going to be, but we think the process is so close to fruition that it would be very unwise for us to move at this point to give any indication as to whether or not the Hanson line, a unicity line, or the status quo would be our option for growth for the Edmonton region. We expect the regional growth study to be completed through this hearing process by the fall of 1977, and the thesis or theme or described options which evolve from the process should form the basis for the regional plan. From that regional plan can flow other decisions which would affect Edmonton, St. Albert and Sherwood Park.

I might add as well that we have just completed for our own use a financial review of several options with respect to Sherwood Park which have not been discussed in the Hanson or any of the previous suggestions for expansion of the city of Edmonton boundaries. That was an important cog in the decision facing us with respect to the form and the metropolitan area for the city of Edmonton.

I appreciate the views. As he indicated, his constituency is substantially affected by the annexation process — a substantial annexation, I believe in the order of 7,000 or 9,000 acres presently before the Local Authorities Board, which would seriously and permanently determine the future of the city of St. Albert and its relationship to the city of Edmonton.

In reference to the Local Authorities Board, it is always difficult to deal with. The Local Authorities Board deals with three different pieces of legislation: The Administrative Procedures Act, which sets out the way it can hear evidence and take information from those who wish to appear before it; The Municipal Government Act, Section 20, which deals with the annexation of land; and of course, The Local Authorities Board Act itself, which sets out the statutory provisions for the board.

The real question which is often asked is which forum is best to debate questions of urban form and growth, and which arguments should be presented to the Local Authorities Board. It has to be noted that the Local Authorities Board deals only with the changing or modification of a municipal boundary. It is not specifically given the responsibility to deal with questions of urban form such as growth rates, crimes per capita, the number of apartments per 1,000 population, et cetera. Often the hearings of the Local Authorities Board become the focus of these debates on urban form and growth. I am not denying that it may well be an important debate, but the debate should not be focussed at the LAB hearings.

Similarly, who should appear before the Local Authorities Board is always a question, and the LAB has taken the position that only those who are directly affected by the annexation order can appear. Generally that is restricted to landowners, people who represent the municipality — certainly the elected officials — and thirdly, the planning commissions are generally those involved.

So while the hon. member has made a specific suggestion that the city of Edmonton was precluded from appearing at the LAB hearing with respect to St.

Albert and land in the proximity of St. Albert in the city of Edmonton, I can only state that I'm sure the chairman made a wise decision and that his decision would probably stand the test. It should also be pointed out that the only information that can be presented to an LAB hearing is that which can be cross-examined, which can be presented either written or orally at that hearing, and cannot reflect whims, for example, plebiscites or perhaps broad general policies with respect to growth or decentralization or balanced economic opportunity. Those were thrown out in the classic case in Calgary as not being objective evidence, which would seriously influence the decision as to whether a piece of land should be annexed or moved from one municipality to the other.

The hon. Member for St. Albert also refers to the permissive legislation dealing with the question of work in progress or supplementary requisitions. I will advise the House that the hon. member has made his case to me on several occasions. We are in the process now of reviewing the need for legislative change. I think I generally concur that an amendment to The Municipal Taxation Act may be effected this fall to deal with the relative proportions of the supplementary requisition which are collected and retained by the municipality and raised on the basis of school taxation.

Mr. Chairman, I can only state again that I appreciate the hon. member's remarks. I question whether or not the LAB process costs on the order he has suggested with respect to Fort Saskatchewan, but I listened very carefully. Hopefully we can move with some of the recommendations he has suggested.

MR. JAMISON: If I may make a slight comment, Mr. Chairman. I understand in the last year both the cities of Edmonton and St. Albert have had their legal departments contacting people in the area between the two centres. The biggest offer they could [make] to be annexed is that they can give them water and sewer. This is the biggest problem. I would like to point out to the minister that I really can't blame anybody wanting to become annexed to the city of Edmonton or the city of St. Albert, because water and sewer is one of the necessities if you are going to enjoy the quality of life I believe you should have.

As an example, I'd like to point out that one of the largest warehouse furniture stores in Canada, located on the boundaries of the city of Edmonton, can't get water from the city because of an agreement drawn up between the city of Edmonton and the city of St. Albert — the town of St. Albert in those days — that they can't hook up any place between Edmonton and the city of St. Albert. Therefore they must have water trucked to them.

If we are going to do something about the size of the city of Edmonton, say 400 square miles or even bigger, or the size of St. Albert, [if] we don't get into some regional water and sewer and other things, I think we're in for a lot of trouble.

Thank you.

MR. JOHNSTON: I did neglect to refer to the hon. member's comments with respect to inner municipal services. I'm sure the hon. member and members of the Assembly are aware that Mr. Russell, the Minister of the Environment, is now in the process of conducting a study dealing with the question of

intermunicipal services, particularly sewer and water systems. I expect a recommendation for policy will be forthcoming from him.

MR. ZANDER: I just want to make a few comments referring to the studies done lately by the Edmonton Regional Planning Commission regarding the metropolitan area of the city of Edmonton and the surrounding area.

I wonder whatever happened to the thoughts some years ago, and I'm thinking of probably 15 years ago, of a metropolitan municipal district around the city of Edmonton. At that time I believe the study indicated it would be better for the city of Edmonton to deal with one municipality rather than three or four different municipalities at the same time. It also pointed out that the social aspects of the people living in the vicinity of Edmonton would be almost the same as the people within the city, because the social requirements were the same. Secondly, they could also be served to a greater extent, perhaps, with the city of Edmonton water and sewer systems, working together with municipalities.

If I recall correctly, Mr. Chairman, since I saw that map some time ago, of course the area has been largely expanded. The study shows the growth of the metropolitan city of Edmonton. It points out only a few things I think people have been saying for the past few years. I think planning within the immediate metropolitan area is much different than it is outside of that area. The social requirements of people outside the metropolitan area are vastly different. Although there are counties and municipalities within the boundaries, their social requirements are much different than a rural municipality.

I wonder if sometime the minister could dig up the study. I think it was a valuable study done at that time. I can't recall who compiled the study or who the chairman was. But certainly it pointed out what we are finding out now, some 15 or 20 years later: what has actually happened. Had we taken care of it at that time, we wouldn't be in the position we're in today.

I recall that that study said different municipal services were required for people — I don't mean construction of roads or streets or lanes, but the social requirements of the individual. Suppose he lives in Leduc, Stony Plain, or Spruce Grove. The fact that he lives in Spruce Grove doesn't necessarily mean he works in Spruce Grove; he could easily work in Stony Plain or Edmonton. But the social requirements for that individual are much different than in a rural municipality. When he has completed his day's work, wherever he works, he then has leisure time to spend. Let's call it recreational time. It then puts pressure on Spruce Grove, Stony Plain, or wherever that person lives, to build recreational or other centres. It brings pressure on these municipalities to bring these facilities into being, yet they're not capable of paying for them.

I went through the total study. I believe the Edmonton Regional Planning Commission has done a very concise study. I also think it looks forward a number of years, and points out the regions of growth. I wonder though, Mr. Chairman, if we're going to bypass this again. Is this study going to lie around for 20 years before we're going to do something beneficial for the people within the Edmonton Regional

Planning Commission?

Now, if we had heeded that study, and I alluded to it previously . . . That study was almost identical to the study that forecast the growth of metropolitan Edmonton. But I don't think the magnitude at that time — thousands of population — was included. They didn't have any comprehension of what the population growth would be.

But I'm hoping, Mr. Chairman, that the Department of Municipal Affairs, together with the Edmonton Regional Planning Commission, would heed the study they brought about. Let's implement some of the recommendations there. Otherwise, if you're going to have a study, throw it on the shelf and forget it for the next 20 years, and wake up to the fact that 20 years down the line we should have done then what we're going to do now, the thing is going to be more costly to the people living within the Edmonton Regional Planning Commission, as outlined on their map on page 6.

I certainly hope some of these recommendations are going to be brought about by the Department of Municipal Affairs. If not, in the next few years we're going to go down the road shaking our heads again, because it's going to put additional pressures on the areas outside that perimeter. These people certainly have different social activities from people in the rural areas.

MR. JOHNSTON: Mr. Chairman, I have to advise the hon. member I'm not aware of the study to which he alludes. But I can anticipate and perhaps understand some of the broad allusions he makes with respect to the different kinds of stresses, the different kinds of leisure activities needed by people who live in urban and rural areas. I suppose you could carry that even further: there's probably a different range of stresses, needs, and social wants — which sociologists attempt to measure by various criteria — within an urban area itself.

So I think his point is well taken: really the major urban areas have to bear substantial responsibility for the provision of services, including recreational and cultural services, and perhaps deal with some peculiar types of social problems which are characterized by people and by a wide range of income opportunities in an urban area. I think every department and agency realizes that, deals with these problems in some form, and tailors its programs to assist the urban areas over the rural areas, if that's where the need is.

But I think the question of cost sharing could be reviewed. I don't know what formula you would use, but I guess there are two sides to every equation. If the urban area supports the recreational and other service needs it is also the one the private sector develops, which provides jobs because the flow of funds obviously will come into that sector as individuals flow to the urban area to spend their disposable income. So I think there is a balance on both sides. But I recognize that some of the urban areas are faced with the requirement of providing services either earlier or more elaborate than perhaps they would otherwise anticipate for their own municipal needs.

So I can advise the member that his provision has been noted. I'm sure I will have an opportunity to get the formal study and review it.

I would comment on the regional growth studies which the hon. member alluded to. I agree they are a pretty fair resolution of options for the Edmonton regional area. I think they provide some focus for discussion. I don't know that we will move to any one of the four options presented. Likely it'll be a blend of one and four, four and three, or whatever the combinations may be. But that will take place as the debate flows.

I can assure the member the process is under way. In fact I'm sure he as an MLA has received a notification from the regional planning commission suggesting times the regional planning personnel will be in his locality to provide an opportunity for people in his jurisdiction and constituency to debate the questions of the Edmonton regional form.

Secondly, I can also advise that once that strategy has been resolved, we will have to make some decisions. I agree that while the city of Edmonton is now about 500,000, perhaps described as a fine city — some might describe it as a city emerging in terms of its potential and many opportunities, one which might be economically efficient and full of flexibilities — I think we have to make some decisions now, because the population pressures are upon us. We know the job opportunities are focussed in Calgary and Edmonton. We know statistically that the Edmonton and Calgary municipal areas have grown dramatically over the past five years. In fact the population of the province as well has grown by about 10.6 per cent over that period.

So we will have to deal with the question of population. We will have to deal with the opportunities people are demanding in this very complex life, characterized by fairly high disposable income and a substantial amount of leisure time.

With that blend, the questions presented to the regional planning commissions, and to those elected at the municipal level, are complex. I'm sure they'll be the focus of very substantial and important debate for the future of this municipal and metropolitan area.

MR. ZANDER: Just one question again, Mr. Chairman. Having regard to some of these larger facilities that have to be built in some smaller areas such as Spruce Grove, Stony Plain, Calmar, or Morinville, can there not be a means of sharing for some of these huge recreational complexes — not huge, but you were talking of a covered swimming pool or something like that — to have the municipalities contribute some of the money to help these areas out. Because I don't think for one minute we can deny that 50 per cent of these facilities is used by rural people. Now I think it's rather unfair for the urban taxpayer to pay for facilities used by both urban and rural. I think there must be a way of sharing. If it can't be done by mutual agreement there must be some other funding means found. Otherwise we're going to find some of these structures are not going to be able to . . . the costs are too great. And yet we find in some areas the bare minimum is picked up and in other areas nothing is contributed. Could the minister tell us if either by legislation or incentives the department can deal with the problem of these joint ventures, which are really not joint but planned and to a great extent paid for by the urban people?

MR. JOHNSTON: Mr. Chairman, I guess there are several issues to be discussed here. I don't know if I can provide a solution to the method of allocating people amongst several-use facilities. I think it would be very difficult for any individual to suggest one which would fairly represent the level of participation and the pro rata costs which every municipality would deal with.

I am aware that there are some joint-use agreements for several facilities that the improvement districts participate in. These are based either on a lump sum contribution on an annual basis or on some basis which may be a refection of population in their region. There are ways in which it could be done. But in the case of the major metropolitan areas I guess the real equator is the toll charge or the admission fee charged. Beyond that I guess you get into all kinds of complex formulas which may attempt to allocate the costs of operations back to the participating municipalities. The debate would never end as to which municipality was participating. Whether or not it would be justified for the province to impose a contract upon municipalities unilaterally — I doubt if that would be acceptable. And I'd also doubt if we could get a participatory contract between various municipalities by way of multilateral agreements. If they really wanted to sit down, they probably could. But it's unlikely that they would, since I believe each one feels they will have a facility of their own at some point in the future and they want to maintain their own options for the future.

I might add that there have been several comments with respect to the costs of operation of some of the facilities funded by various programs, the parks and recreation program for one. I don't really believe we should be assisting in the operating costs of those facilities. I think they should be borne by the municipality, and the decision process should reflect the fact that operating costs will or may be substantial in the future. Without the taxpayers being aware of the costs of operating I'm sure that several decisions would be entered into even more quickly, perhaps too early, relative to what they have been at this point. I would only suggest that a user's tax is probably the best way to allocate the resources and that the balance of the costs should probably be borne from the general tax base, as is being done now.

MR. R. SPEAKER: Mr. Chairman, I was wondering if the minister could elaborate. He mentioned the possibility of legislation in the fall with regard to making supplementary requisitions possible for local municipalities. I wonder if the minister could just elaborate a little further on that concept?

MR. JOHNSTON: Mr. Chairman, I won't elaborate on whether or not we'll have legislation, but I can certainly describe the problem that has been presented to us.

As you know, about 1968 the previous government brought in legislation which exempts commercial and industrial construction from a supplementary requisition. That property is not in fact added to the assessment rolls until the year subsequent to completion. However, with respect to residential property there is the opportunity for the municipality to assess on a pro rata basis and issue a supplementary tax notice perhaps for two or three months of the year,

depending on when it's completed.

The interesting problem that arises is that the municipality will assess a supplementary notice. It will bring the assessment on stream and then will apply a tax on a pro rata basis. But that tax is a composite, made up of several variables. The two important ones are of course the municipal levy and the school supplementary requisition levy.

It appears that some municipalities are levying the aggregate amount and maintaining the supplementary requisition in their own hands for, say, two or three months. The argument is that this is really money which is based on the supplementary requisition and should flow through to the school jurisdiction in some form. I'm not going to debate the merits of that, but by way of description that is the problem. It could perhaps be handled in two ways. The school requisition could be dropped off, or the money could be held in trust for a subsequent requisition against the municipality by the school authority in a subsequent year.

MR. TAYLOR: Thank you, Mr. Chairman. There are two or three items I would like to deal with and I'll try to do them all at the same time, to avoid jumping up and down.

The first item that I'd like to have the minister's comments on is the matter of tax exemption for churches and charitable institutions. I was at a meeting the other night and some concern was expressed that there's a move afoot to tax churches and charitable institutions. I advised the gathering I knew of no change in legislation on this. I would appreciate having the minister's comments. It's something that is very meaningful to churches and charitable institutions. In my view it's a type of double taxation, if we go back to the old system of taxing these particular bodies. I would like to have the minister's comments.

The second thing I'd like to hear from the minister on is the formula used in working out grants for the cities, towns, villages, counties, municipalities, and LIDs. Is it the same formula? Can the minister give us that formula? I've been looking over the various grants and it appears that population is a very important factor. If there is a formula I would appreciate having some information on it.

The next items I'd like to speak about are the development control regulations. We'll probably have an opportunity to discuss these when The Planning Act is before us, but it seems to me that the representatives of the Department of Municipal Affairs sometimes just don't use good, ordinary, everyday, horse sense in dealing with these things, and they aggravate people and cause no end of work to try to get the thing resolved.

We recently had an application from a lady who owned some 23 acres. She had an extra trailer put on the place for her daughter and son-in-law. The local inspector told her she couldn't have this. We had to go through the whole procedure of applying to the board and the board also said she couldn't have a trailer. It is obvious they just didn't realize the situation: that there were that many acres, that it was her land and surely she should be able to put a trailer there for her own daughter and son-in-law. We appealed it to the deputy minister, Mr. Isbister. I might say that I'm always amazed at the amount of work the deputy minister of this department is able to

do. It doesn't matter what you send to him, you get a detailed answer back in very short order. Whether his answer is yes or no it's always based on good sense that you can discuss and sell to the people. I'd like to commend you, Mr. Minister, on the excellent deputy you have. I for one certainly appreciate the work that he's able to do.

We appealed to the deputy and in a very short time the thing was resolved to everybody's satisfaction. But it seems to me it's putting an unfair load on the deputy minister, and many times the minister of the department, when the local man doesn't use ordinary good horse sense.

The next item I'd like to speak about is in connection with subdivisions, particularly in the Drumheller valley. I would again like to commend the Department of Municipal Affairs, and certainly Mr. Jack Sloan of the tax recovery branch, for the vast number of hours spent trying to resolve a situation that has been in existence in that part of the ID for many, many years. This is tax recovery land that went back for taxes from the days when we had a thriving coal mining industry in that part of the ID. People have improvements on the land, much of which is unsubdivided. They have been living there for many, many years and have been trying to get ownership of the land upon which they're living for almost as long as I can remember.

During the last two or three years the Department of Municipal Affairs has shown appreciation for the problem, and for the feelings of those people. Now subdivision is well on the way. The department sponsored this and looked after it through the Calgary Regional Planning Commission. They listened to the people; they found out the situation; and they're still doing so. There still may be the odd problem to resolve, but I think it's splendid when we have departmental officials prepared to do that type of work. These people certainly couldn't hire consultants or highly qualified engineers, but they know what they want. Because Jack Sloan and other members of the department have been prepared to listen we are now getting that whole matter resolved. It won't be long before many, many people in that area will own the land upon which they have their homes.

Another thing I like about it is the provisions drawn up for the vacant land in that area which will be subdivided: it's not going to be put to the highest bidder, so we'll have speculation galore and those with a vast amount of money will be able to come in and buy up land and make a killing on it later, as is done in some subdivisions. The department has again shown extremely good sense in putting stipulations on this land: if it's sold for a nominal sum or whatever price is right and proper, a building must be put on it within a reasonable length of time. This has been welcomed by the people of the area. I believe it'll be the first chance we've had of having development without a vast amount of speculation so the ordinary, everyday working man has a chance to get some land upon which he can build a house. This is a very definite example of good planning and good work, and I certainly want to commend the minister, his deputy, and the department for the work they've done in that regard.

I'm not going to deal with another subdivision of the Drumheller valley in which the department has played a very important part, namely at Rosedale,

because I don't believe the facts are yet public on that. But when that comes out I believe it's going to be a real pleasure for the people of Rosedale to hear. Again, this has happened only because we have practically minded men in the department who are prepared to go the second mile in seeing that these things are carried out in a sensible way.

The situation at the other end of the constituency is a little different. We've been working for some months — I think I could say years — in trying to get the subdivision in the Carseland area. Many people who are working in those plants are now living in the city or driving a long way. Many would like to live close to the plants, and I'm hoping something will be finalized in that regard very soon.

That does bring one problem to me that I would like the minister to comment on. The county required a 100 per cent bond from the subdivider. This meant the subdivider — a well-known Calgary firm, financially solvent as far as I know, and quite able to carry out the undertakings the municipality and the Calgary Regional Planning Commission insisted on without 100 per cent bonding . . . As a matter of fact, I've heard — I haven't checked — that this is the only case in that part of the country where a developer has been required to get a 100 per cent bond. This meant they had to go to Toronto and spend a lot of money to get this bond, all of which is going to be added to the price of the lots. That along with plan after plan that the Calgary Regional Planning Commission has insisted on, is going to put the price of those lots into I don't know what kind of figure. But I think we have to realize — and I'd like our planners to realize — that the extra costs, particularly if they're completely unnecessary, simply add to the price of the land. Then the Minister of Housing and Public Works gets an awful lot of blame about it, as does the Minister of Municipal Affairs, when really they've had nothing to do with the thing at all.

If the planning commission could act in the same way officials of the Municipal Affairs Department have performed in the subdivisions in Rosedale and Wayne, we would see a tremendous change of attitude toward planning commissions in the southern part of the constituency I have the pleasure to represent. I want to say more about that when The Planning Act is before us. But I do feel this requirement for 100 per cent bonding by well-known contractors is going a little far and simply shoving the price of land up higher than is necessary.

I'd like to mention just two other items. The next is one of commendation again. I've mentioned in this House for a number of years the fact that coal miners and their wives and children in the Drumheller valley have had to use a little path behind the house in winter and summer for many, many years. Over the 50 or 75 years of the history of the valley, every spot of ground behind the houses has at one time been used for toilet purposes. That along with sand point wells has put health in jeopardy. As a matter of fact, a former doctor in the health unit said he was amazed there was no epidemic in the valley. Now through the policies advanced by the Department of Municipal Affairs and the Department of the Environment, the hamlet of Nacmine has water and sewer — a modern hamlet; the hamlet of Rosedale has water and sewer — a modern hamlet; Bankview, Midlandvale, and North Drumheller — which has now been annexed to

the city of Drumheller — have water and sewer and have become modernized. East Coulee, Cambria, and Wayne still do not have water and sewer. East Coulee is presently experiencing a feasibility study to see what can be done. This has again been sponsored by the Department of Municipal Affairs.

I think I would be lax if I didn't say a big thank you for the help that the Department of Municipal Affairs and the Department of the Environment have given to these people to get water and sewer. No one will ever know what this has meant, particularly to the elderly people who had to trek through back yard snow to get to the little house behind their big house when we had 40 and 50 below zero weather. These people appreciate it far more than they can say. Many of them may not speak English very well, but it has meant a world of difference to them. I think the government should know that is an excellent policy and any improvements carried to it will make it even more acceptable to our people.

There is just one other item I would like to discuss. That is the Drumheller valley itself. We have the city of Drumheller not exactly but pretty well centred in that canyon of the Red Deer. It has annexed Newcastle, Midlandvale, and North Drumheller. Its boundaries go east toward Rosedale. We still have Nacmine, Rosedale, Wayne, East Coulee, and Cambria as part of the ID. A number of difficulties have arisen because there is no local representation. The ID advisory council helps somewhat, but it's not the same as having control of their own affairs.

The people are taking a close look at the possibility of having some type of metropolitan government. I think this idea would be acceptable if for instance, as has been mentioned to the hon. Minister of Transportation, the grant that goes to the city for transportation — and Drumheller is a very small city in boundaries — could be used for transportation throughout the valley. Because if you want dental care in East Coulee, you have to go to Drumheller. If you want a drugstore from Nacmine, you have to go to Drumheller. If you want hardware from Wayne, you have to go to Drumheller. So in effect Drumheller is the centre. I would hope that in the next couple of years we might be able to formulate some way in which the people who live outside the present boundaries of Drumheller would be able to work with the people in the city in order to have better living conditions for all concerned.

Transportation is only one item. If the feasibility study at East Coulee should result in us being able to get water and sewer for East Coulee, which I hope will be so, then I believe the set-up would be unique, perhaps unique in Canada — in which we could have some type of metropolitan government throughout the entire valley, which would have representation from the various people where they would act as a local authority and through being an ID take a great load off the Department of Municipal Affairs.

In closing these few remarks, again I would like to say that the situation in the Drumheller constituency is exceptionally good. As far as Municipal Affairs is concerned, there may be odd grievances here and there. But there is general appreciation for the policies of the government and for the willingness of the government, the ministers, and the officials to sit down — go down there if necessary — and discuss the problems in an attempt to find a sensible solution.

MR. JOHNSTON: Mr. Chairman, I appreciate the views and questions from the hon. Member for Drumheller. I only regret that he beat me to the punch in terms of providing thanks to my department. Certainly for the past two years they have been very responsive, very responsible, and I think have raised several new directions for the Department of Municipal Affairs to pursue. Certainly the thanks you have accorded to my staff I would have to underscore as well.

I would also take the opportunity to thank the ladies in my department who served me willingly through long hours and have done very much to assist me over the past two years. But I do appreciate the views of Mr. Taylor.

I might add that in discussing directions for departments you tend to get bogged down in some of the detailed items. You start talking about things which perhaps are more programming than conceptual. After some discussions with our department people, we found that one of the priorities we would establish would be to increase our assistance to the people of Alberta, particularly since we dealt with so many municipalities throughout the province; that we would continue to be responsive to the needs of Albertans.

One of the items we have stressed in our department is that we attempt to respond to correspondence and deal with problems as quickly as possible. Because if people have raised questions, indeed they expect an answer, and the sooner they receive it the better.

Let me move to the seven or eight points the hon. member did undertake to present to me. First of all, I can put to rest the question of tax exemptions for churches. There is no change envisioned in the next two or three years, as long as I'm the minister, which would remove the exemptions for churches or eleemosynary institutions. As you know, there is the opportunity for those charitable institutions which are perhaps marginal to appeal to the Local Authorities Board to have an appraisal made as to whether or not they should be exempt from taxation. But specifically, with respect to churches and those areas which are not in debate, no change in policy is envisioned to add them to the assessment rolls.

Sir, you also mentioned the question of the formula for extraordinary growth. That can be accommodated very quickly. I can describe it as an increase in assistance to the municipalities which have experienced growth beyond 2 per cent per annum, based on 1975 and 1976 information. We struck the 2 per cent because the national census, which I quoted, showed an increase in population in the province of Alberta of 10.6 per cent over a five-year period. Therefore we thought any excess growth — that is, extraordinary growth — beyond 2 per cent should be assisted more specifically. We did that by applying \$40 per capita for extraordinary growth. As you know, that will total roughly \$3 million in the 1977-78 budget.

The question of placing more than one residence on an agricultural parcel is one which is always in front of us. I guess the reason The Planning Act now states that no parcel should have more than two residences is based on the priority given agricultural land throughout the province in the hope that at least to some extent we can maintain that free from the

encroachment of urbanization. Secondly, of course, it ensures that the municipality has the right to develop and control the land, and the right to effect a subdivision should additional residences be required.

As you indicated, we do have the right to waive the regulation in those cases where health, sickness, or extraordinary situations prevail. I think the record has been that the Provincial Planning Board has been very sympathetic in most cases, and in unusual situations has allowed the additional dwelling to be placed on the parcel, providing it is on a short-term basis.

We have to remember that in many urban areas the continual encroachment of the urban onto the rural is extreme, and at every opportunity people are attempting to find a place to locate a trailer, either legally or illegally I might add. Of course that adds to the very difficult situation the municipalities are facing in terms of providing services to them.

I might add as well that the existing Planning Act — and I'm sure we can debate it later — contains a similar provision to restrict the number of residences to one per parcel.

On the question of subdivisions, I again appreciate the views of the hon. member with respect to our efforts in the Drumheller area. Because it is handled by improvement districts, we do have an opportunity to perhaps front-end some of the costs of subdivisions, to perhaps land-bank more fully than some municipalities. Of course because the ownership of the land is in question — land which has reverted to either the improvement district or the municipality — we will have some flexibility in dealing with the subdivision processing.

We think the ID administration has recognized to a great extent the kinds of problems being experienced in the Drumheller area. Of course those require a substantial amount of financial assistance. The hon. member mentioned that in the last three years we did undertake pretty comprehensive programs to provide sewer and water to some of the small communities. In fact in 1975 in ID 7 we spent roughly \$655,000 on capital and about \$800,000 in operating just to provide sewer and water systems to those communities. We will continue with that program and, given the resources we have available to us in ID 7, hopefully we can continue to provide the basic necessities of sewer and water, together with the assistance from Environment, to the balance of the municipalities.

On that question, of course, the hon. member mentions the consolidation or an urban form which could be developed for the area in Drumheller. I am now in the process of reviewing not only the Drumheller situation but the Crowsnest Pass situation, and will probably be making some recommendations to my colleagues in government with respect to providing a consolidated view for the Crowsnest Pass area.

Second on my list would be a consolidation proposal for the Drumheller valley area. It's not an easy one to deal with because, as the hon. member mentioned, there are some new systems and old systems; there are utility systems which are paying returns; and there's a diverse array of possibilities for amalgamation. But the difficulty is to get the consensus of elected officials to move into a consolidated form. Yet it will be one of the programs we'll be reviewing in late 1977 or early 1978, once we have completed our review of the Crowsnest Pass area.

It's interesting, Mr. Chairman, that this morning as

I came to work I flew over the Carseland area. It crossed my mind that there was not much development in the Carseland area and Carseland itself, but I believed we had solved the problem with respect to subdivision. I just don't know where it is at this point. I will check it. I believed we had solved the problem, that they were proceeding not only with the amendment to the regional plan and the general plan but had actually proceeded to a scheme of subdivision, and that that should be proceeding for the town of Carseland. But I will check that, and of course any assistance we can give to the developer, we will. I had met with him on several occasions in 1976 when he was experiencing some problems.

The question of bonding for subdivisions is one which has been brought to our attention before. It is a requirement in many of the metropolitan and larger cities, before the town or municipality will enter into an agreement with a developer, that the developer provide a comprehensive and substantial bond to ensure completion of the subdivision; that adequate facilities are installed and the subdivider doesn't leave the land and run off to some other place. That bond of course is reduced pro rata as the subdivision comes on stream.

We're in the process of reviewing in a general sense what could be done there. But I really think insofar as protection is concerned, that is one way in which the municipality can buffer itself against unreliable developers. Though I do recognize there are costs involved — the costs of bonds themselves are really not too substantial — indeed I agree with the argument that they will add marginal dollars to the costs of subdivisions. I think further that my honorable colleague the Minister of Housing and Public Works is also aware of the problem, and will probably attempt to assist as well.

Generally, Mr. Chairman, I think those are the eight items the hon. member mentioned. I'm interested that he didn't mention the one I expected; that is, when will there be the new planning commission in the Drumheller area. But that's a budgetary item, one as well on which I am waiting seriously for the fall discussion with my colleagues. Hopefully, we will have some announcement the first of 1978 with respect to a new regional planning commission to serve the very distinct and individual needs of the Drumheller area.

MR. MANDEVILLE: Mr. Chairman, I just want to make a comment or two. The minister mentioned in subcommittee that there's been a strong lobby from some of the farm organizations and other areas as far as taxing farm homes is concerned.

Since our subcommittee meeting, I've been talking to a number of farmers. I took a telephone poll to get an indication of the farmers' views. I didn't talk to one farmer in favor of having his farm home taxed, and I can certainly appreciate that. As far as some of our farm organizations are concerned, I really don't know why they're promoting or lobbying the minister to tax farm homes. I certainly think — and I've also discussed this — there's an alternative.

I think one of the main reasons we have some lobbying in this area is the fact that we have acreage owners who have large houses on small acreages. They are not paying any taxes on their homes. I think the either/or tax system would solve this situation. If

one were to go out and make an assessment of the dwelling and the land on an acreage, then put the taxes on whichever is higher, it would certainly solve this problem. I certainly hope the minister is going to look into this further and talk to some of the rural MLAs and the Conservative caucus before they go into taxing farm dwellings.

You can go down across the line and see farm homes taxed. It certainly hasn't done anything for agriculture down there. They started by taxing farm homes, and now they're taxing all the agricultural buildings.

Another area I think they could take a look at is possibly changing the manual for assessing our farm lands. Right now we have the education tax; it's not paid as far as residential property is concerned. If a municipality, county, or ID needs more revenue, it can certainly increase its mill rate. Again I would just plead with the minister to get more input before coming out with an assessment on farm buildings.

MR. JOHNSTON: Mr. Chairman, I notice the Minister of Agriculture is uneasy. He's moving around right now on the question of home site taxation.

I have spent a great deal of time on the question of home site taxation, the taxation of farm homes, the assessment of farmland, the assessment of farm buildings, the relative incidence or the shifting of tax within rural municipalities, the problems of the small acreage home-owner, et cetera. What we have been doing is reacting to the presentations given to us.

The Unifarm presentation early in 1977 said two things very clearly and I think unequivocally. First of all, as a body it supported the concept of taxation of farm homes. Secondly, it denied the method described as the either/or process for taxation of farm homes. Those are the two recommendations I cited at the subcommittee level. We're looking at them as part of the review of assessment in the province. Of course, they are among several options which could be recommended to deal with the question of the incidence of tax, which is continually shifting within rural municipalities characterized by country residential dwellings, found normally around the metropolitan areas.

It has to be a dramatic shift in tax in those municipalities, because we have essentially frozen the value of land on farms at about \$40 per acre. Of course that was done in 1963. There's been no change since then. Obviously the market value of land has moved up dramatically. When the hon. member suggests he would like to see some method of changing the assessment of farmlands, I wonder if he's recommending to me that we should assess farmlands on a market value. That is an interesting possibility, of course, and one which has been pursued and attempted in Ontario.

I might add that of course that would aggregate further the question of the relative impact of taxes. But in the truest sense the most equitable form of taxation would be based on market value. Because really the market value is the basis of assessment which has been reflected in the country residential assessment.

Those small acreage holders around the metropolitan areas who cannot qualify as farmers find their assessment moving up dramatically as the pressures on land speculation face them. It becomes a reality

when their taxes move, say, from \$1,500 to \$15,000 on some small holdings over a very short interval. What has really happened is that the farmland assessment has been frozen. The proportionate amount of tax that a rural municipality pays has been reduced, and that tax burden has been shifted onto the flexible, growing, dynamic assessment which is found generally in the country residential area or — if the municipality is fortunate — in commercial assessment.

So we have to do something, I feel, to solve the problem of the country residential individual who is absorbing a substantially higher proportion of the tax over that period. In fact the tax is becoming confiscatory, and the capital level as discounted would substantially reduce his value in the property. Many of them are locked in because they can't develop their land further, and their value is being eroded because of high tax rates. In my view one of the solutions — looking at several options, several variations of the scheme described by the hon. member, the either/or, the home site taxation concept — may well be as simple as increasing the land assessment, making all land farmland, taxing only that country residential dwelling, and leaving the farm home vacant.

Several possibilities could be recommended. Of course, I appreciate the hon. member's views. But I guess if I were to survey the people in this esteemed Assembly and ask them if they wish to pay more taxes in any form next year, likely they would say no as well.

But there is an argument in favor of equity and fairness and I think that's really the argument we have to deal with. I think most farmers and farm organizations — unless I read Unifarm incorrectly — have suggested that as one option they would like to see us investigate further, and we will do it.

MR. R. SPEAKER: Mr. Chairman, I'd just like to make a comment and then raise a question with the minister. In my discussion with the Unifarm people and various farmers, the feeling I got that brought about the support from Unifarm, was that assessing a home and placing a tax rate on it would mean a comparable reduction in the amount of tax on the home quarter. The argument followed that our tax would not increase, so it really didn't matter. But at the same time we're going to get people on acreages just outside the city to pay their equitable share of tax.

The argument in the discussion at the meetings was a little difficult for me to follow, to hear the information but not sometimes to question it. But I couldn't really see that happening, when you consider many of the farm home quarters pay a tax rate anywhere from, say, \$100 to \$400. You may have a home worth anywhere from \$40,000 to \$80,000. Let's say you take the extreme: a quarter of land paying a tax of \$100 with an \$80,000 home on it. I'm not sure how you would place an assessment on that home, transfer \$50 of the tax to the home and leave \$50 on the land, and then maintain an equity. It seemed there was something wrong with the argument. I wonder if the minister could comment on that argument. Is it in fact true that by placing an assessment on farm homes taxes will really increase rather than staying as at present?

MR. JOHNSTON: Mr. Chairman, the hon. member has introduced a tax transfer which I've never talked about. And I don't think I recall any of the Unifarm people having talked about it. But just for explanation perhaps, I can describe one example of the effect if we added farm homes to the assessment rolls. With respect to farmland, if we look at farmland separately from the balance of the assessment in the municipality, if we move the potential assessment from the \$40 it is now to \$100, the effect would be uniform throughout the municipality; that is, it would increase relatively by the same amount on each farm because the assessment in proportion to the total assessment would go up at an equivalent rate. However, if you add a farm home to the assessment, obviously you're adding more assessment to the farm. Therefore the farm would pay more tax. The argument is that it would be more equitable because there has been a continuous shift from the farm home to the country residential individual who cannot qualify as a farmer and who pays tax at a very high rate: market value on his land and relative market value on his improvement. He is absorbing more of the tax over that period of time. We're suggesting that if the farm home is added, it would be shifted back to the farmer. There's no question, however, that the farmer would pay more tax. However, you're absolutely right that if we maintain a preferred assessment on farmland, say at about \$40 per acre, on a marginal quarter section you'd pay maybe \$35 or \$40 in tax, assuming a mill rate of about 100.

It's uncertain what would happen to the mill rate. It might be empirically evident to us that if you added more assessment you would probably reduce the mill rate. But that's merely an assumption. I don't know if it would necessarily hold in practice. However, we expect it to happen: if you add more assessment your mill rate should drop because you're going to raise more or similar dollars from a higher assessment. But I can only restate that if you added farm homes, you'd increase the tax to the farmer, increase the assessment to the municipality, and you'd shift the tax away from the country residential back onto the farmer to reverse the flow which has taken place over the past 10 years.

MR. NOTLEY: I believe in 1969 we had quite a debate in the Legislature over the whole issue of assessment: whether there should be changes in the assessment so rural and urban yardsticks were the same.

Quite frankly I was impressed in 1969 with the position taken by the Alberta association of rural municipalities, which in my judgment had done their homework very well. They looked beyond the question of the percentage of net income paid in the form of property tax. I doubt if the statistics compiled in 1969 would be significantly different today, with the possible exception of what we call rural residential. Certainly I think the difference between urban and rural generally would be the same by and large as in 1969. The figures at that time showed, if my memory serves me correctly, that farm people were paying a much higher percentage of their disposable income in the form of property tax than were urban dwellers. The problem of course is, if we had equalized the yardstick and used market value and applied that to rural land in 1969, it would have made a bad situa-

tion worse. If we took off the ceiling of \$40 per acre and allowed that to rise, my heavens, the impact that would have on rural Alberta would be absolutely devastating, considering present market values. We would see not only a shift from rural residential to farm but, from my standpoint, a rather more serious shift from commercial and industrial to farm in those areas where the assessment would be fundamentally altered.

I'd just like to say as one member of the House that I think that \$40 ceiling should be continued for the time being. I agree with the Member for Bow Valley that farm homes at this time should not be taxed. We're going to have to find some way of dealing with the rural residential question. Mr. Minister, it seems to me it should be examined in the context of what people actually end up paying, the ability-to-pay principle. One of the real concerns I have is that we'll try to find a formula that will equalize the yardstick in assessing as opposed to the rather larger question of making sure people pay a fair but not an unreasonable share of the freight.

MR. JOHNSTON: Mr. Chairman, I would suggest that from a theoretical point of view there can be no doubt that the most proper, precise, and easily understood method of assessment is market value. That is the direction every municipality in every jurisdiction and country I know of is eventually moving to, or has moved to. Because market value can be measured very quickly, as the hon. member indicated, it can be interpreted much more readily by those who have to read assessment notices and pay the tax. Therefore they understand the process, and understand and relate their estimate of their investment to the assessment in their minds.

The way it is now being done is rather complex. It goes through a series of ratios which are not consistent; that is, there are different ratios for land, improvements, and commercial. I don't know that the application of market value, should any government move to that form, would be devastating in the sense the hon. member has suggested. In the case of farmland it would merely float all the land to a similar value, which would be pro rata the same. The market value would reflect their relative portion of the tax burden of that municipality.

I think there might be an argument that there would be a shift toward farmland. I think that's very clear. But there seems to be a shifting away from farmland over the past 13 or 14 years. Surely it cannot be maintained that if \$40 was relative to market value in 1969 — relative in whatever arbitrary manner — it can no longer be relative to market value in 1977, given the rate of inflation we have experienced in the province, given the demand for farm agricultural land in the province, and given the higher productivity from the farmland itself.

Saskatchewan has interpreted market value in a somewhat different manner. They have used a present value or a discounted flow method based on agricultural production and extracted from the calculation of the speculative value which may be found in some lands around metropolitan areas. So they're dealing with a discounted cash flow or use/value concept, which is one interpretation of market value, one option we could look toward in the case of Alberta. I do agree that we have a shifting. I don't

know if I agree that there would be a shifting from commercial to residential, or to farms. I think perhaps commercial, most municipalities bearing a substantially higher portion of the assessment than they had historically over the past few years. But by way of debate and comment, I think the views are well taken.

MR. CLARK: Mr. Chairman, I wonder if I might perhaps start with The Planning Act and ask the minister if he can outline to us what his plans on the act are as far as the session is concerned, and go back to the question I asked in the Oral Question Period earlier, with regard to the regulations.

MR. JOHNSTON: Mr. Chairman, I'm just recalling when I introduced Bill 15 — I believe it was approximately March 16, someplace in there — so it's now been roughly a month. I haven't had too many major presentations made, although I'm expecting a major one from the city of Calgary either late this week or early next week, cognizant of their views not so much on the philosophy of the act, but the administrative side of it. It will be a compendium of the city's views, and has been debated with the Regional Planning Commission as well, as I understand it. That will be presented to the technical committee and me, hopefully some time next week when we can schedule the time, and I expect that to be early in the week as well.

I have not yet had substantial presentations from many of the municipalities. I did receive one yesterday from the city of Lethbridge and some are coming in. So what I'm saying is that we have been into it for about a month. I think the next two weeks will probably see some major recommendations to us as to concerns, views and recommendations for changes which they may perceive to be needed in that legislation.

With respect to subdivision and transfer regulations specifically: as the hon. member knows, we did amend these rather dramatically and drastically in the fall of 1975. We spent a great deal of time going through them, reworking them to reflect perhaps more contemporary land use options, and those would include the narrower streets, the absence of lanes, the zero lot lines, et cetera. Those were debated and were reflected in the adjustments in 1975. I don't envision dramatic changes in the regulations which will now be presented. Hopefully we will get those to you before we get in to third reading of the legislation. I am stating that I'm not altogether sure we can meet that objective, but I can advise you they are not really dramatically different from those with which the subdivision approving authorities are now dealing.

MR. CLARK: Mr. Chairman, the real point I wanted to get from the minister is: what is the government's plan, dealing with the legislation itself? I think there is a rather broadly held feeling among a number of municipalities — and perhaps it isn't properly held — that the government will perhaps go into second reading or into committee at this spring session and then hold the thing over until the fall session — certainly that's the bulk of representation that has come to my office — and that hopefully during the summer, where the government plans major changes as far as regulations are concerned, they could get those out to

municipalities. Because one of the most often heard responses I've received, be it from planning commission people or from others, is that frankly until there is some indication what the regulation situation is going to be like it's very difficult to interpret a number of the sections of the act.

Now, I know that it isn't unlike the former act in some regards. But I really would like the minister to give us some sort of commitment — if that's the term — as to how far he sees the bill proceeding after this spring session.

MR. JOHNSTON: It would certainly be my preference, Mr. Chairman, to take the bill to committee stages. We have received the same letters that I'm sure the hon. Leader of the Opposition has. I wonder if it's not a letter-writing campaign, which has merely been a popular position throughout the province. But I want to see the kinds of reaction we are going to get before I can make that decision.

Surely we would have to weigh the kinds of changes, recommendations, and positions now being debated throughout the province before we can make that decision. I guess if I were to speculate, I can assure you that I will argue for attempting to get it as far as possible this spring, but I think my colleagues will probably balance that and suggest we hold it over to the fall. I'm still not convinced what to do with that act, but I would like to take it to committee stages. I would hope that some of the criticisms which apparently are out there would get to us soon so we can make that decision.

MR. CLARK: Mr. Chairman, might I say simply that it would also be our preference that we get to the committee, and perhaps have a chance, too, to discuss a number of points of view that have been raised. But I do think it would be very wise to have it sit in committee then, so it could be further dealt with in committee at the fall session and then dealt with at the fall session with some dispatch.

I would assume the government is looking at something [like] the first of January or perhaps the mid-portion of next year for implementation of the act. Is that within the ballpark?

MR. JOHNSTON: I would think so, Mr. Chairman.

MR. CLARK: Mr. Chairman, then I'd like to ask the minister — and he may have touched on this when I was out; if he did, I apologize. Some time ago the minister talked in terms of the priorities for 1978. I think it would be helpful for us to see what those are.

MR. JOHNSTON: Mr. Chairman, I don't know how other departments operate, but in our department we work on an objective basis. We sit down and develop goals and objectives for all the department. Broken into three general areas, they are: non-programmed areas, semi-nonprogrammed, and budgetary items. Essentially those are the three kinds of decision levels involved. We have them built into the goals and objectives of each manager or senior manager, and they attempt to funnel down through the department. We have these codified for individual use, and of course they reflect in the merit pay of the individual, notwithstanding the AIB regulations.

So we have gone through that process during the

first year to a year and a half. It's been a top-down and bottom-up process. We have had an opportunity to debate and discuss fully the direction, concerns, and criteria for the department for perhaps the next three years. Those are now in place. We're working towards them, and are into the process of delivery. We've been through the year of review and planning, the year of preliminary studies, and now we're into the delivery stages. We hope that '77-78 will [see] further delivery of programs. They are all charted as to decision times, and general framework for each decision.

Of those, I can comment generally that this year the major department priority will be the completion of the assessment review. The hon. Member for Bow Valley mentioned he would like to see the assessment manual updated. Well, we are now in the process of doing just that. Because a decision has been made with respect to revenue sharing, we felt we would focus our attention in the area of assessment, which is exclusively the municipalities', which has been under study before by various administrations, and which can do some rehaults and overviews at this point.

We will do three or four things. A total review in draft stage is now about ready for me to deal with. This will deal with major recommendations for policy changes in certain areas of assessment. The assessment manual review is now under way. As you know, it's based on 1959 or 1963 information, and through 1977 we will update that by a combination of [our] own resource people and consultants.

That will provide Alberta again with a comprehensive assessment manual, perhaps based on 1977 costs, particularly in the commercial area [in] which we are slipping and which will probably smooth the assessment process insofar as some of the minor items accumulated in the assessment card are concerned; that is, the colored fixtures, whether you have shower curtains, or whether you have carpet in your house, may be eliminated. You might deal with a more aggregate assessment process. [This] would speed up the assessment process, provide more understanding, [and] be simplified from an administrative point of view.

So generally we are focussing on the areas of assessment, assessment manual, and assessment legislative review. Certainly The Planning Act is a priority for either the next two months or, depending on a decision of government as how to handle The Planning Act, the method of implementing it this fall. It will be a problem, and will require a substantial amount of time in terms of dealing with the transition, assisting those municipalities which may wish to pursue a subdivision approving authority themselves, and some other changes implicit in the legislation. We feel it will have to deal with that, and provide the service to the municipalities which are therefore dealing with a new piece of legislation.

As well, we think we want to deal further with the question of urban policy. We're in the process of reviewing concerns in urban policy, areas which could be expanded and developed more fully by the department and by other departments. That is in the process of being completed.

Naturally, through 1977 Fort McMurray will again be a priority. We will attempt to deal with the problems of providing assistance to the town, both

financially and professionally, to allow it to meet its tremendous burden of providing homes, infrastructure, and developed lots to the Syncrude project which, through '77, will be in its most critical year.

In the area of Fort McMurray, of course we will also be completing a regional plan which will set out some of the land-use options, constraints, and scenarios for growth. Hopefully we'll deal with that as well.

We have a list of other items, but those are some of the general priority items. As I say, we have gone through that process. We continue to have a feedback system whereby we monitor our successes in achieving goals. Of course we add new ones as pressures from the people increase and as the demand both from government and other agencies is put upon us.

MR. CLARK: Mr. Chairman, could I ask the minister specifically with regard to Fort McMurray and its financial problems. I think it's fair to say they were fairly well publicized before the flood this weekend. There obviously is a difference of opinion between some of the people in Fort McMurray and the minister. I take it it's the minister's position that there will be no additional financial support to the town of Fort McMurray this year, other than what the minister had already agreed upon with the town of Fort McMurray.

My question to the minister is, in light of what has happened to Fort McMurray in the last few days — and acknowledging the announcement made today that the government would pick up 100 per cent of the cost for buildings and so on, but understandably there will be considerable additional cost to the town of Fort McMurray just as a result of the flooding process — is the minister, either in his department or some of his colleagues, now in the process of looking at this question of some additional financial assistance for the town as a result of the additional administrative burden that will be on it for some time? For example, I understand a number of government people who will be involved in the assessment and so on will be moving into the town offices, which is fairly logical as far as I'm concerned. But will there be another look at the financial situation in Fort McMurray in light of what's happened in the last few days?

MR. JOHNSTON: Well, Mr. Chairman, before you could determine whether additional assistance would have to be provided, you'd have to see where the costs were. As the hon. member said, the majority of the costs are really covered by the emergency measures operation and through Dr. Horner's department. First of all, the municipal costs are 100 per cent covered which as far as I can see is total compensation. The balance of the costs is borne by the individual, and perhaps is better than most insurance coverages provided for a force majeure situation. I don't know that any additional costs would be placed on the town of Fort McMurray as a result of the flood. If there are, we can certainly look at them.

Before you talk about the amount of assistance given to Fort McMurray, you should know what kind of assistance we are providing. From my department alone, the real recognition of Fort McMurray has been in the kinds of demands it has to face: the fact that it's providing a major sewer and water system to a population of about 15,000, yet it's designed for

30,000; that it's in the process of dealing with very complex planning issues; and of course that it's providing human settlement components for development outside its boundaries. All these items are being met in the assistance to the town of Fort McMurray. It's really an unusual situation, and I think it's being given unusual financial assistance.

MR. CLARK: Mr. Chairman, to the minister. Dealing with assistance to Fort McMurray, am I to understand from the minister's comment that the announcement by the Deputy Premier today will cover the additional cost for people the town has had to take on for clean-up jobs in town, the streets, all those kinds of areas? Or does it just cover the capital component?

There, I think, lies a portion of the misunderstanding. If it just covers the capital component, that's one thing. But if in fact the government is prepared to say, we're prepared to consider taking on the number of additional man-hours the town has had to engage as a result of what's happened, then that's a different kind of situation.

MR. JOHNSTON: Mr. Chairman, subject to the hon. Deputy Premier, I would suppose there are as you say two kinds of costs. But I can add a third one. I imagine the government will cover not only the capital costs but also some of the operating costs which can be directly related to the flooding and, on top of that, the costs of the people who were out there; for example, Mr. Schmidt, one of my assessors who has been referred to in this department. Likely his wage will be paid by my department. His travelling costs will be paid by the department and, as far as I know, whatever miscellaneous costs are involved will be charged back to the department. So really there will be very little unloading of costs on the municipality as a result of that, insofar as we can determine. Of course that's subject to further clarification, but roughly I would interpret it in that manner.

MR. CLARK: Mr. Chairman, I wonder if I could pursue two other areas, one of them right now and perhaps one when we come back this evening. It's the question of the approval granted to Chestermere Lake and the steps the government has taken to guarantee that Chestermere Lake doesn't before very long become another bedroom community as far as the city of Calgary is concerned.

While I don't always agree with the mayor of Calgary, I think on this occasion he likely expressed the view of a number of people, that unless there's some pretty rigid regulation as far as Chestermere Lake is concerned, we'll be seeing the development of additional problems. At this time Calgary has been pretty fortunate in the problem of communities right adjacent to it, as compared to the Edmonton situation, where it's a horse of a different color.

My question to the minister is: what kind of safeguard and guarantee can the minister give the Legislature with regard to future growth as far as Chestermere is concerned, and some kind of assurance to the city of Calgary?

MR. JOHNSTON: Mr. Chairman, I guess it depends on the priorities, or on your basic point of argument in terms of describing the Chestermere Lake situation. As far as I know, there is development there. First of

all, de facto that development is in place. To ignore it or refuse to recognize it would be foolish. It's there, it's already generating some pollution, it has water systems to some extent, it has septic tanks to some extent, and there are buildings there. To ignore that development would be like blinding your eyes — hear no evil, speak no evil, see no evil.

Because that development is there, we recognize it's better to give it some identity. If you give a municipality or an area like Chestermere Lake an identity, you satisfy the second criterion, which is environmental priority. Once it has its own urban form, it can apply through the various grant programs — Alberta Municipal Financing Corporation — to provide sewer and water systems which are not there and are sorely lacking. One of the major concerns of everybody in the Chestermere Lake area is that they have poor sewer systems and a very poor water system, and they're contaminating the lake. With its urban form and its own entity, it can go through the process of borrowing, get assistance from the province, and satisfy that criterion.

Thirdly, when we had the public hearings there was a presentation by those people petitioning for the urban form that they have an expanded area. We didn't agree with that; neither did the county within which it was placed. So we restricted the area so it very narrowly defines the existing development around Chestermere Lake. For any further development to take place there would require an annexation, and I don't think we're too supportive of annexation.

So I'm saying that de facto that development is there. As an entity it has a right to other programs of the government, including sewer and water systems, which would solve the environmental concern. Thirdly, it's a very restricted and narrowly defined summer village.

MR. HYNDMAN: Mr. Chairman, I move the Committee adjourn until 8 p.m.

[Motion carried]

[The Committee of Supply recessed at 5:31 p.m.]

[The Committee of Supply met at 8 p.m.]

[Dr. McCrimmon in the Chair]

MR. CHAIRMAN: The Committee of Supply will come to order. We will continue with Municipal Affairs. At adjournment the hon. Leader of the Opposition had the floor.

MR. CLARK: Mr. Chairman, we were talking about the growth of Chestermere Lake just outside Calgary. The minister responded by saying that Chestermere Lake becoming a summer village would enable the municipality of Chestermere Lake to benefit from various government funding programs, funds from the Alberta Municipal Financing Corporation and so on — which indeed is right, Mr. Minister.

The other side of the argument is that it won't be very long before the people in that community come

to you and the government saying: this system simply can't work; we have to have 450 or 500 rather than 350. That's the other side of the coin. It isn't going to be very long before the Municipal Financing Corporation or other government agencies point out to Municipal Affairs that this isn't an economic or viable operation. That's the other side of the argument.

I say to the minister: are you prepared to give us a commitment tonight that as long as you're minister, Chestermere Lake isn't going to expand from the boundaries set out in the order approved by you?

MR. JOHNSTON: Mr. Chairman, I appreciate the comments that the town will experience more administrative responsibilities and administrative costs. There will be continuing pressures on various agencies to expand the municipal boundaries to reduce the cost per unit. But my balanced view is: more control is available to both the various municipalities — those which adjoin Chestermere Lake — and Chestermere Lake elected officials themselves if there is a very clearly prescribed boundary. I think you can control growth much better within a very narrowly described boundary. So we attempted to describe that boundary within very narrow limits to suit only the urban form there. Unless my colleagues go in the opposite direction, it's my view that that jurisdiction should not expand beyond its current boundaries within the next three years.

MR. CLARK: From what the minister says, I take it we can consider that the minister's final judgment on the matter.

MR. JOHNSTON: [Inaudible] Mr. Chairman, as long as I'm involved, I would not like to see Chestermere Lake expand.

MR. CLARK: Mr. Chairman, one other area I want to raise is the question of planning commissions. In the course of getting across the province and inevitably having a chance to sit down with people on planning commissions, the problem raised is: on one hand we're expected to have a master plan for the area — the planning responsibilities set down in the old planning act will be the same to a very great degree in the new planning act — and at the same time they explained to me that they have the problem of insufficient financial resources. Often raised with me is that the Department of Municipal Affairs places a low priority on additional finance to planning commissions across the province.

Now in light of the planning legislation . . . I should go back and say I appreciate a levelling-off period — let's put it that way — until the new planning act comes into effect. But now it appears we're going to have a new planning act within a year. What priority and what kind of financial assistance can planning commissions expect? Really what priority does the minister place on planning generally across the province and planning commissions?

MR. JOHNSTON: Mr. Chairman, I don't know where the story came that the department or the government places a very low priority on the very important function played by regional planning commissions throughout the province. It's my argument — and I don't think I'm in breach of confidence when I state

that I argued this in cabinet when we were in the budget process — that if we want to have a combined program of balanced economic growth and decentralization throughout the province of Alberta, it has to be met with a comparable number of dollars, in fact an increase, to allow the municipalities to meet that challenge. Obviously the regional planning commissions have to provide the services to every municipality in the jurisdiction. As you know, municipalities can without equivocation become part of the region served by the regional planning commission, and subject to the services of the planning commission.

A very substantial workload has been placed on the regional planning commissions as a division of proven authorities. We have recognized this and have found that many of the duties have been essentially maintenance items; that is, the kinds of studies which would provide assistance with respect to subdivisions, and some assistance with respect to development. Therefore that takes them away from some of the more important tasks with which planning commissions are faced, the question of the regional and general plans for the municipalities or the urban areas.

My arguments have been that if we're going to have that two-pronged attack, the balanced economic growth and the decentralization, we have to have a commensurate amount of funding. We think that this year we have had a substantial increase in the funding, and that has been balanced as well by the increase in the provincial mill rate. We have increased the collections across the province by approximately — and I'm talking roughly — an additional \$300,000 to \$400,000 in 1977, which will be fed into the provincial planning fund through contributions through the municipalities on their equalized mill rate.

Secondly, we have stepped up our amount of assistance to the regional planning commissions — and I think this year they're in pretty fair shape — to allow them to do some of the studies which have been backlogged for some time. As well of course we have suggested to them that some of the studies which municipalities request and which are funded on a 60-40 basis — we requested they delay some of those or at least prioritize them. They have done that. I think in 1977-78 some of those which have been delayed for some time will finally be completed, and this year the planning commissions will have more flexibility to deal with the problems facing them.

I think the combination of increased direct assistance by the province, coupled with the additional financial assistance coming from the tax base, will provide them with a fairly flexible budget through 1977-78, bearing in mind that we're still within a restraint program.

MR. CLARK: Can I just follow along and say to the minister that in the course of question period when we were talking about the strings on the police assistance program under the Solicitor General's department, when the minister made his ministerial announcement to the House he indicated the government was loosening the strings on that program and really letting police commissions and city councils in Edmonton and Calgary decide how they were going to spend their own money as far as the policing grants are concerned — at that time I guess I would say the

minister "fudged" on the question of whether that would be ongoing or whether it's a one-year venture and would be assessed after one year. I'd like to get back to that now and, at the same time, ask the minister if he can give us some indication on the duration of this assistance to growth centres in Alberta.

Unaccustomed as I am to doing this, I commend the government for its move in that particular area. But if it's a one-year kind of thing, I would withdraw that comment mighty quickly. So if we could have some sort of commitment that the government looked at this over an extended period of time, it gives some kinds of help to those kind of municipalities.

MR. JOHNSTON: Mr. Chairman, I would say in a very general context that if the government has made a decision to — if I can use the word — "deconditionalize" a grant, I would imagine from a personal point of view I would argue against making that conditional.

In the case of the police grants, a small amount of presentation I had into the Solicitor General's presentation to cabinet was that we should continue to deconditionalize the grants as much as possible, and it would be wise in 1977-78 to deconditionalize further those small amounts of grants which were on a conditional basis. I wouldn't imagine that would go back, but I'm sure you could address that to the Solicitor General and get his views. If I were arguing it, I would be opposed to making it a grant with strings attached.

I would hope that further, in some of the additional conditional grants we are dealing with, we could find more ways of introducing flexibility in the transfer to the municipalities, broader parameters in which they can spend funds. I think that's the general direction we have had in the various debates with the urban and rural municipal associations. We have given a general commitment that we would move in that direction; and I think we will over the next year, both by specific direction and by general review of some of the programs which can be deconditionalized and made more flexible.

I can remember the word "fudging", but I forgot what it was about. I'm sorry.

MR. CLARK: The grant program for growth centres.

MR. JOHNSTON: The extraordinary growth grant program is one which I think recognizes what really took place in Alberta. It was based on an average which is weighted in favor of 1969-70. Therefore it's slightly below what has been experienced in the last year. It would be my view that if the population in the province continues to expand at a rate of 3 to 4 to 5 per cent per annum — and I'm only speculating that would be the case in 1977 — I would be prepared to argue in favor of continuation of the extraordinary grant. But I want to make it very clear that it would have to be extraordinary; a grant which recognizes the difficulty communities have in facing the impact of population and the concomitant requirement to deliver a higher level of services, and of course the financing requirement with it. If there was clear evidence that the population in Alberta was growing at a strong rate and that certain regions were attracting population beyond the average, I would argue for the continuation of the extraordinary grant program.

MR. CLARK: Mr. Chairman, to the minister. I appreciate that you would argue in that direction. But from what you've said tonight, I take it there's no commitment by the government that if growth continues at a rate of 3 to 4 per cent, those centres which experience that kind of growth can count on the continuation of this grant program next year at this time. From what you've said tonight I assume it's on a year to year basis. The government will decide in the course of the budget process whether that program will continue as far as growth centres are concerned.

MR. JOHNSTON: Mr. Chairman, that's correct. But let's remember that the across-the-board grants, which I believe have been fairly liberal to the municipalities, reflect two things. First of all, they reflect the rate of inflation which has been experienced in the province, because with it go requirements that the municipalities have to continue to provide a similar level of services at a higher cost. I'm not going to make any speculations about the success of the AIB program, but there's evidence that some costs have been flattened and therefore there is more flexibility for the municipalities as the costs did not increase quite as substantially over that period.

Secondly, some communities are not experiencing the same increase in population as others are. If you give them a 10 per cent linear increase, as we have done in '77, then you're also accommodating any population change they may be experiencing. Of course the variation across the province is pretty dramatic.

I can only state again — and the Leader of the Opposition is correct — that we haven't made a commitment for '78-79, but I do feel there's a strong indication we will continue with it. But that will be a matter of priorities, a matter of allocating those resources available to us, and of course the indication of the inflationary period in 1977-78.

MR. TAYLOR: Mr. Chairman, I'd like to say a word or two in connection with growth. This is a nice thing to handle rather than having it go the other way, but it does create a lot of problems for the local authority. When you have people pouring into an area, subdivisions taking place, and so on, the capital costs involved during that period are very, very high. While the revenue is going to be there to pay off the debt eventually, the municipalities are having a very difficult time finding the necessary capital to handle the growth during the first year or two, and perhaps for the third year. Any assistance given to them at that time will be of substantial benefit, because it will save the borrowings and large interests.

One of the things that concerns many of the local people in this matter of growth is the large debt accumulated upon which interest will have to be paid. The lower we can keep that debt, the more buoyant the economy in that centre is going to be in the years ahead. So I would urge the hon. minister that anything that can be done toward keeping that debt down as a town or a village starts to grow will certainly redound to the people's interest for many years to come.

MR. JOHNSTON: Well, Mr. Chairman, I can't disagree with the hon. member, and I'll only draw to his atten-

tion the interest stabilization program which maintains interest costs to municipalities at 8 per cent. If the municipality had to borrow on the market at the 10.5 to 11 per cent which was the going rate — if they could achieve it at that, a 2.5 to 3 per cent discount over a 25-year period is a substantial amount of money, and that's been taken off the cost to the municipality and borne by the government.

MR. NOTLEY: Mr. Chairman, if I could just pursue the question of regional planning commissions for a moment before we go on to a new area. I'd like to ask the minister where things stand now as far as the boundaries of regional planning commissions are concerned, particularly with respect to the Peace River Regional Planning Commission. A number of people have suggested that in an area as large as the northwestern part of the province there should be a separation, either a south Peace and north Peace planning commission, or perhaps alternatively a Slave Lake planning commission. I would ask the minister if he would bring us up to date on that matter.

While I'm on my feet I'd just like to say a word or two about the planning commission in the Peace River country. I've met with other planning commissions, but for obvious reasons I'm much more familiar with the Peace River Regional Planning Commission. I would say that in my view anyway the Peace River planning commission really does a first-rate job. Number one, if the question of dealing with decentralization throughout the province is to be handled properly, it has to have a mechanism that can properly focus local input. I suggest to you, Mr. Minister, that regional planning commissions, if they are set up properly and sensitively led, can be invaluable instruments in facilitating that local input. I can cite a number of issues that have arisen in the Peace River country where, as a result of the planning commission taking the lead, the public has been better informed.

I might also say as a matter of interest: one of the things the regional planning commission in the Peace River country is doing is putting out a monthly publication called P-3, *People Plans & The Peace*. They are not just sending it out to members of the planning commission itself. They are sending it throughout the Peace River country. This publication is now going to most of the schools. As a matter of fact the suggestion made the other day was that they put it on the planes between Edmonton and Grande Prairie, and between Peace River and Edmonton, so that people riding to and from would have an opportunity to read P-3 in addition to *Maclean's*.

I think that's an excellent idea. It shows recognition by the Peace River Regional Planning Commission staff of the need to go beyond themselves and to communicate. I think that's one of the problems I've sensed in other areas of the province where there is dissatisfaction with planning commissions. Perhaps in the work they've done, the communication has not been handled as well as it can or should be. In this respect I suggest that perhaps the Peace River Regional Planning Commission is an excellent model other commissions might like to follow.

MR. JOHNSTON: Mr. Chairman, I certainly concur with the hon. member's comments that the Peace

River Regional Planning Commission is characterized by very bright people, people who in the jargon of some are searching both the physical environment and the environment around them for new kinds of input. They are always looking for new input affecting their area. I think the classic example of that, which took place the last time I was there — which I believe was the same time the hon. Member for Spirit River-Fairview was in Peace River and Grande Prairie — was the extensive exchange we had with respect to the proposed Arctic Gas pipeline. As you know, should that go in any form it's likely to cut through a major portion of the Peace River planning area. Of course that would have an immediate impact with respect to the environmental and human settlements concerns. They were already discussing that on a broad basis, preparing for that challenge and ready to deal with the concerns which may be raised.

As well, the Peace River Regional Planning Commission has just recently completed a regional plan. I think it's a high-quality regional plan and one which reflects land use, the concerns of the people, et cetera, very well. I think we had a pass by the planning board in late '76 or early '77, so that's in place as well. The reason they have that opportunity in a broad base is probably that they're not directing all of their attention to subdivisions, the almost routine concerns which planning commissions are pressured to deal with and which many planning commissions find it very difficult to deal with, because all they have an opportunity to do is allocate the resources and people to the routine items. The Peace River Regional Planning Commission has had an opportunity to think about land-use concerns and look at a broader base throughout the vast region it serves.

On the question of boundaries itself, the Minister of the Environment, the Minister of Housing, and I were concerned some time ago that perhaps we could do much to establish coterminous boundaries. We have hospital boundaries, school board boundaries, municipal boundaries, irrigation boundaries, and planning boundaries. We did a little review or assessment of whether or not it would be possible to establish coterminous boundaries for planning commissions and irrigation commissions, assuming the irrigation commissions were found within a very clearly defined geographic area, generally defined as a drainage district. We looked at that for about one and a half months. It was a question which had been raised on several occasions, and we were able to state that it wouldn't work. So on a broad basis we think the boundaries now described are pretty comprehensive and include, in terms of geographical and population balance, the kinds of needs and concerns these regions have.

I'm not contemplating any major adjustments to the regional planning commissions generally, but it has been recommended to me that we could chop off some of the northern expanse of the Peace River Regional Planning Commission. Allow them almost the same budget and they could probably do a much better job concentrating on a smaller area, because some of the area north of there is really vast. There is a question of whether or not it needs to be served by a regional planning commission. But in the near term, I think one of the recommendations we might move toward will be to shorten down or truncate some of the areas served by the Peace River Regional

Planning Commission.

Let me only add that not only is the Peace River Regional Planning Commission doing a good job; generally the planning commissions across the province are doing good jobs. Naturally you are going to have criticism and some concern that they are not moving fast enough or not recognizing the needs of all individuals. But there's a difficult balance between the rights of the property owners and the rights of the general public at large, and on that basis I think they're doing a fairly good job throughout the province.

MR. NOTLEY: Mr. Chairman, just to follow that through for a moment. There is really no doubt that in terms of the meetings of the planning commission in the Peace River country they have developed a fairly useful process of taking a very small amount of time for the subdivision process. They have a subdivision subcommittee that in fact does most of the work and makes recommendations so that a very limited amount of time need be spent on the subdivision process. The committee can do most of the work. As a consequence, the bulk of the agenda looks at some of the broader questions of development in the Peace River country.

I would just make this recommendation to the minister, however: while one might look at changes in the boundary — and I could appreciate the far north, High Level, Rainbow Lake, Fort Vermilion perhaps, not being part of the Peace River region — I would not want to see the boundaries change too severely. For example, in my judgment IDs 19, 20, and 21 should still be in the Peace River Regional Planning Commission.

The other question I would put to you about planning commissions, Mr. Minister: in answer to Mr. Clark you indicated there was about a \$299,000 increase in the estimates this year under page 134 of the Elements to planning commissions, and there would be additional money from member municipalities. I notice all of them have received an increase, but the Calgary Regional Planning Commission has received a decrease. Is there some particular reason for that?

MR. JOHNSTON: Yes there is. Generally what we do is get the recommendations from each planning commission early in the budgeting process, sit down with them, and discuss their general objectives, goals, et cetera, for the short term. What has happened in the past two or three years is that there have been additional commitments and funds to the Calgary Regional Planning Commission to assist them in completing their regional growth studies. The same thing is also true with respect to the Edmonton Regional Planning Commission. We feel we have extended that commitment long enough and they have now had an opportunity to complete those regional growth studies. They are essentially in the formulation process where they develop alternative strategies for growth, so the real footwork and the personnel requirements have dropped down. Therefore the budgetary requirements have been softened as well.

MR. TAYLOR: Mr. Chairman, I don't want to hold up the estimates, but there's one other point I'd like to

mention in connection with planning. I want to mention it now because, as far as I'm concerned, it's the very basis of our planning act and most of the difficulties arise where it isn't carried out. In my view an appointed body should never have the authority to tell an elected body what it can or can't do. If our planning authorities were based on that premise, we would get away from a lot of the difficulties we have today. Too many times the planning boards are telling elected councils what they can and can't do. The people who elect them should have that authority, and in my view it's wrong in principle for an appointed body to be dictating to elected officials.

I notice that in the new planning act there's going to be a change, particularly in connection with subdivisions. I think that will redound to the benefit of everybody. But if it's not in there already, I would hope the principle that a planning body is advisory, is not the authority, and is not to dictate to elected officials will be definitely stated.

Having said that, I'd like to make just one other point, and I believe you answered part of it. This afternoon I didn't deal with the proposed Big Country planning commission. There's a very strong feeling throughout the Big Country that the area presently under the jurisdiction of the Calgary Regional Planning Commission is far too large and unwieldy for it to handle. Possibly that is one of the reasons it's in so much disfavor in that part of the country. Perhaps the hon. Member for Hanna-Oyen would want to add to this. I would hope that this coming year the hon. minister of the department will be able to provide enough funds for the Big Country planning commission to get off its feet and on the way. I think that would be a wonderful thing for that part of the province of Alberta.

MR. JOHNSTON: Mr. Chairman, the question of the way the executive committee of a regional planning commission deals with policy issues and appears to be usurping some of the responsibilities that should properly be placed in elected officials' hands is one which, I guess, is on a continuum. Some regional planning commissions deal very clearly with responsibility; there's a strong guidance from elected officials, and the executive carries out the orders in the proper manner. In others the reverse is true because of the characteristics of the executive, who are very strong personalities and have an ability to co-opt and, I suppose, to manage elected people. In fact the executive has very strong clout in policy-making decisions. I think it depends on how the elected officials perceive their role and what confidence they have in determination of policy. But I don't really think we can legislate any more than we have. We set up the mechanics. I think it's up to the elected officials to take the responsibility. On most opportunities I have stressed it's the elected officials who have the responsibility and the chairman certainly has to be the focus of policy with respect to planning commissions.

On the second issue, obviously the hon. member is aware that if we make a commitment to initiate a new planning commission anywhere in the province, the amount of funds which would have to follow would be substantial. If we assume that a planning commission has the ability to stay in place as long as the elected member has, you're looking at, say, 35 years at \$400,000 a year. The present value of that

is a pretty substantial financial commitment, and we want to weigh very carefully that obligation. Two are scheduled for review. One, of course, is in the Drumheller/Hanna area, and the other one is in the Lac La Biche/St. Paul area.

MR. CLARK: Mr. Chairman, to the minister. I have four areas. Perhaps I can list two of them, and then the minister can comment.

Mr. Minister, I would be very interested in knowing what you are going to do with the boundaries committee report. In the House some time ago you indicated what was going to happen in the Redwater area. But what's going to happen in the rest of the area — I think in terms of the Drayton Valley area specifically — with regard to the recommendation?

The second question would be: what is the government's position with regard to the county form of government? In meeting with local rural government people, I hear perhaps a wider divergence of opinion than I have for some time as to the effectiveness or the lack thereof of the county form of government. Admittedly some of the concern rises from the educational side of the county operation. But to really focus in on the question: is the Department of Municipal Affairs prepared to consider the establishment of a new county, should that request come forward from the school board and from the municipal district in that particular situation, or is the government now looking at some form of local administration other than county or, in fact, is it in favor of a move back to the M.D. school divisional system?

MR. JOHNSTON: Mr. Chairman, the Leslie committee really has been dealt with in the major recommendations of that committee. I perhaps described some of the changes which were put in place by order in council in late February, to be effective April 1. Generally very routine nominal boundary adjustments took place throughout Red Deer and some of the northern land. For example, Sylvan Lake was not described as any territory; it was sort of floating around parts of Sylvan Lake. So that's been adjusted. There was pressure on many municipalities to effect tuition agreements to allow an easier flow of students across these almost imaginary territorial lines and allow them to move in very close proximity to the schools which would better serve their needs rather than bus them for hours throughout the balance of the province. Those two things have been accomplished.

There was a major recommendation by the boundaries committee that a portion of the county of Minburn be moved to the county of Vermilion River, and that was effective April 1. A very substantial change there — primarily based on tuition requirements, but also in a geographical sense it fitted the flow of people to the various service areas.

We are now in the process of finally reviewing the Drayton Valley question. There has been a suggestion that other options may solve that problem. One of them would be to elect a reeve at large and therefore have someone who serves the entire county. As you know, those counties are characterized by a very elongated form, therefore they have difficulty serving both sides of the county. This is further complicated by the fact that the eastern sides of these counties are near the metropolitan area, and the

character of the people is much different insofar as they are urban-oriented country-residential people and really don't have the same general background as those who may be on the western side or rural oriented. So we have attempted to strike some new boundaries.

I am being advised by a group of MLAs, but obviously it's a difficult situation. In the case of Parkland, for example, if you were to remove some of the assessment, you would not be getting that equal amount of the population. It's a very difficult thing to judge, and of course the hon. member knows, because of the difficulties the boundaries committee has had and I'm sure through his experience dealing with boundaries, that it's never easy to reconcile. We are attempting to solve the Drayton Valley one. If we can come up with a recommendation which balances all interests, then we would proceed with a new county there. But that's still in a very preliminary form.

The hon. leader also mentioned the county form of government. I believe the Speech from the Throne indicated we would be bringing forth legislation this spring which will clarify some of the issues with respect to the county form of government. I can certainly touch on one which I think is important, and that is an amendment which would allow the county to change its form after the four-year period had elapsed. As you know, the option is lost after a four-year period and the county becomes entrenched — the administrative form becomes entrenched — and is not able to change its form. We are going to make an amendment to allow the county more flexibility. Should it so wish, it can change its form back to a municipal district from a county, or I suppose to an ID. But it could change its form upon a plebiscite.

I don't know if there's any one standard form of government which best reflects the needs of all Alberta. I think there are proponents and opponents of every form of government. I've had some very strong representations from those who support the county form of government, saying it's the best thing that's happened. For budgetary controls and responsibility, it brings together a similar elected body to meet the tremendous dollar requirements of running a municipality and a school at the same time. I don't think that should any municipal district make an application to us to become a county, we would deny that application, provided it had a suitable indication from the electors of that municipal district.

MR. CLARK: Mr. Chairman, to the minister. Mr. Minister, are you bringing in legislation that will have the Reeves elected at large, or are you going to try that in the Drayton Valley situation? If my memory is accurate, that possibility was discussed at the counties' and M.D.s' meeting. I think it would be fair to say there was a great deal more enthusiasm for the idea by the minister than by the representatives there. I think that's a very charitable assessment of what happened to the minister's idea. Is it the intention of the minister to bring in that kind of legislation this spring?

MR. JOHNSTON: That's right. I was politely told where to go, and I accept their direction. It will not be in the proposed amendments this spring.

MR. CLARK: We're pleased the minister's hearing apparatus was turned on.

On to a more serious matter. Are you the minister primarily responsible for the implementation of the recommendations of the Land Use Forum? Which minister has assumed that responsibility from a cabinet organizational point of view?

MR. JOHNSTON: Well I can only report what I know; that is, it's the responsibility of the Minister of the Environment, it's funded by the Department of Agriculture, and it affects my department. With respect to the implementation, I think all departments are concerned about it. We have reviewed it with respect to the areas which affect us. I can just briefly touch on them: urban form, which was perhaps peripheral to the report itself; homesite taxation; and recommendations for the planning act. Those three in themselves were major recommendations. Now we are waiting for a final report and a final set of directions from the Assembly committee. I'm sure we'll attempt to deal with it.

I might add that an awful lot of the recommendations of the Land Use Forum have already been dealt with and are actually in place as government policy. For example, the Hutterian Brethren question has already been dealt with and is in place. I think others could comment on a range of other ones. When I went through the 100 and some recommendations, I was astounded at how many have actually been accomplished. We're now waiting for the further recommendations of Mr. Kidd. I'm sure we'll attempt to adjust those in policies.

Specifically, I'm not directly responsible for the implementation of the land-use report except as it affects my department.

MR. CLARK: Mr. Chairman, perhaps the more appropriate place for that discussion will be with the Minister of the Environment when his estimates come up.

The last area I want to pursue, Mr. Chairman, is the question of the Provincial-Municipal Finance Council. I hope it's fair to assume the government's position is that it's not prepared to move on income tax or resource revenue sharing. They virtually said to the council, look, we're not prepared to consider that avenue, so look at other avenues the government feels will have the capacity to deal with the financial problems of municipalities. I'd like confirmation from the minister that that's a fair assessment. Because I think it's important that many people, especially local government officials in the province, have rather high expectations for the recommendations from the Provincial-Municipal Finance Council.

If the council has really been told that income tax revenue-sharing or resource revenue-sharing are outside their terms of reference, I think the minister or some of his colleagues would do a real service to local governments in this province by making that abundantly clear to them. From my meetings with people in local government both urban and rural, they still look to the Provincial-Municipal Finance Council as the agency to make a recommendation to the government. If the government has taken this rigid position — which I believe they have — I think the onus is on them to say so and get the monkey off the back of the council so people affected know exactly who's calling the shots.

MR. JOHNSTON: Mr. Chairman, I think that's a fair comment. If there's any misunderstanding of the government's decision — I don't think there is — we could restate it. We have restated on several occasions, both in our meeting with the urban municipalities and with the School Trustees' Association, that revenue sharing was a decision which had been made and that the research and review being conducted by the finance council would not be directed with an emphasis on revenue sharing any longer but with another emphasis. It's somewhat difficult to chop off the revenue-sharing question, because it's not defined precisely in everybody's mind. It's precise in our debate because we have had an opportunity to exchange our views on it. But with respect to sharing tax points, both personal and corporate, and resource income, I think the revenue-sharing question and the decision have been made clear.

Other areas which might be described as revenue sharing can be pursued. I suppose one would be the exchange we've already had: how can we provide more assistance to municipalities through increasing flexibility of conditional grants? That might be defined as a move toward revenue sharing by the block-grant concept, which is a form of revenue sharing in the United States. I suppose it could be applied as a form of revenue sharing here.

As well, more work is being done by the finance council to establish areas of responsibility. Who should be responsible for certain kinds of services being provided throughout the province? As you know, since '71 the province has made some moves to take over some of the general or broader social responsibilities and bring them back to a central base, to take them out of the general tax base as opposed to the municipal base. That kind of exchange is still being pursued. We have not cut off revenue sharing entirely. We have cut it off in those two areas. We're pursuing it in other areas with respect to flexibility, other areas which could be shared, unconditional questions, questions of bringing more cost back to the provincial government. Those kinds of recommendations are still possible. However, in my view the emphasis would be on the review of assessment. I expect a policy, or at least a research recommendation, to be presented to me some time this month as a matter of fact.

MR. CLARK: Mr. Chairman, just for the benefit of *Hansard*. When the minister says that a decision has been made, that decision is no, as far as income tax and non-renewable resource revenue sharing. The minister shakes his head, meaning yes, he's in agreement with my assessment of the unwise decision the government has made. The minister is indicating that decision has been made by the government and is not part of the negotiations or discussions going on in the council now.

MR. JOHNSTON: That's correct.

Agreed to:	
Vote 1 Total Program	\$2,075,860
Vote 2 Total Program	\$69,248,042
Vote 3 Total Program	\$10,380,350
Vote 4 Total Program	\$6,242,800

Vote 5

MR. MANDEVILLE: Mr. Chairman, just a word on Vote 5. I think it would come under Special Areas. As far as leased land is concerned, some is under the Associate Minister of Energy and Natural Resources and some is under Municipal Affairs. Has any consideration been given to putting Special Areas under our Associate Minister of Energy and Natural Resources?

MR. JOHNSTON: It's not one of my recommendations, Mr. Chairman.

MR. NOTLEY: Mr. Chairman, before we move on from Vote 5, what is the government's thinking at this point about The New Towns Act? Is there any consideration to major changes in it?

MR. JOHNSTON: Mr. Chairman, I don't think I will be making any major recommendations which could be described as policy changes in that legislation. I think the important thing in that act is greater flexibility in allowing the province to deal with the local new town authority and to provide additional assistance to that new town, should it be necessary on a very short-term basis. Of course that assistance is in the areas of finance, planning, and special grants and assistance to the municipality.

Without that flexibility, I think it would be very difficult for the municipality to say, look, this town is growing very quickly, and we have to provide a way of putting money in without establishing new policy. As long as The New Towns [Act] umbrella is there, we can assist the new town to accommodate and to meet the demands of growth, largely because of resource development. I don't foresee any major changes in it in the next couple of years.

MR. NOTLEY: [Inaudible] policy with respect to the administration. I'm thinking particularly of communities like Rainbow Lake and High Level which are still technically called new towns. In talking to the boards of both communities, they really wonder just what their status is and where things stand as far as those particular communities are concerned.

MR. JOHNSTON: Mr. Chairman, those two communities really operate as autonomous communities. The only thing that might distinguish them from other local authorities is that their budget has to be approved by the Local Authorities Board. That's generally done on a routine basis.

However, because they had to make substantial capital expenditures early in their life, they built up a dramatic debt. That debt probably would preclude them from further expansion under a normal town situation. We have the flexibility of either removing that debt, as we apparently did in 1974 by equalizing the debt, or waiving any maximum amount of debt — arguments which may be suggested in suggesting for giving them further assistance.

However, by way of general policy my direction to the department has been to allow them to run in their own manner, to set their own policies, to deal with their own problems, and to make their own mistakes.

MR. NOTLEY: Just so I am clear, at this stage there is no contemplation of changing the status of either community. They will continue as new towns. Right?

MR. JOHNSTON: Of course if they wished to change their status, they would make a recommendation to us and we would review it on an item by item basis. That is, the new town of Fox Creek would apply to us, we'd look at it, and we'd say we can see no real reason why we should deny that request. We would weigh it carefully and look at it on an individual basis. I can't see any reason why we would not.

MR. NOTLEY: Knowing a little bit about the debt structure of both communities, I think it's unlikely they would. Mr. Minister, what role does the government see for the Commissioner of the Northeast Alberta Region in terms of tenure, in view of the fact that when the bill was passed in 1974 we were advised that we were not setting up a position in perpetuity but one to deal with an unusual set of circumstances. At this time we should be able to see some time frame. Or is it the view of the government that with the possible expansion of Syncrude, or alternatively a third plant, the powers set out in Bill 55 and the office of the northeast Alberta commissioner will have to be extended indefinitely?

While I'm on my feet, in light of possible major developments in the Cold Lake area, would it be the view of the government that the jurisdiction of the commissioner would be extended? Where does this concept of administration fit in the government's future plans?

MR. JOHNSTON: Mr. Chairman, I think that's a fair question. It's one which I have discussed with the Commissioner of the Northeast Alberta Region. However, I don't contemplate any major changes to his frame of reference or to his duties through 1977, because I believe that 1977 will be the critical year, the crash year, for all the programs in the northeast region. I might add that I think he is operating in a very beneficial way, both to the government and to the residents of those communities, insofar as he acts as a focus. He brings many concerns of a government nature through the various channels, and effectively gets the job done without recognition of the bureaucracy in cutting through the channels. At some previous period it was difficult to get government resources directed to one problem. As well, he has set up a monitoring committee for the town of Fort McMurray. It provides a method of input and exchange, which had not really been readily apparent up to about a year ago. That monitoring committee serves as a focus of exchange. They have meetings of all participants, exchange information, look at certain critical decisions which have to be made, and attempt to deal with the problem before the time is contracted and they haven't had enough chance to think through it. I think I would not recommend any major changes through 1977, but I tend to agree that unless the circumstances change and we find that other tar sands plants are developed, perhaps it would be time to wind down his responsibilities. But naturally with another tar sands plant being foisted upon us, we may have to deal with the same realm of decisions and problems that Fort McMurray brought to us.

In the meantime, he has completed a regional plan. He has also done initial work on a new townsite study dealing with the ramifications of leases, of the geo-technical concerns, distances away from various plants, and those kinds of concerns. So we are in the process of bringing more data to our base of information so we can deal with problems which are given to us. At the same time he has extended some of his time to dealing with the isolated communities north of there, including Fort Chipewyan where he has now completed a regional community socio-economic study of the town and some of the needs of that community.

However, I do not anticipate either the reduction of his responsibilities or the expansion of his area responsibilities beyond that as now described in Bill 55.

MR. NOTLEY: Mr. Chairman, in view of the fact that the commissioner has completed a study of a new townsite, is it still the government's position that Fort McMurray would be the major centre? Just where do things stand now? Will satellite communities be considered, or are we going to attempt to concentrate all the population right in the expanded boundaries or the present area of Fort McMurray?

MR. JOHNSTON: Mr. Chairman, in making those decisions it's always interesting that engineers and others attempt to quantify that information. They attempt to establish certain assumptions, and they assign dollar values to it. They say these are the costs, these are the alternatives in terms of the dollars which may be required. And that's exactly what the commissioner's group has been doing in the past little while: establishing options in terms of expenditures to recognize the focussing and the concentration of the service industries in Fort McMurray and the development of perhaps a region or a small town which would be only recreational and residential oriented, as opposed to a broader base — Fort McMurray redevelopment again. So we've attempted to quantify those choices, measuring the several variables which, as you indicated, could be the focus in Fort McMurray: satellite communities, the re-establishment of a broad-based new community north of there, the questions of the present value of time in terms of travel to and from the plants, the costs of infrastructure of a new town given those variables. Those problems are the kinds of concerns the commissioner is at least attempting to quantify at this point.

Agreed to:

Vote 5 Total Program	\$8,313,330
Vote 6 Total Program	\$496,080

Vote 7

MR. CLARK: Mr. Minister, what site are you looking at now as far as future tar sands plants are concerned? I guess it was some time before the minister took his responsibility that reference was made to a centre known as Russellville, which would have been some 50 or 80 miles north of Fort McMurray, perhaps further north.

I think it would be helpful to get some indication

from the minister as to the government's thinking with regard to the desirability to have Fort McMurray become the one centre as far as tar sands development is concerned. Or in fact are the government and the commissioner leaning in favor of the development of a second centre? I think it's fair to say that when my colleagues and I met with the commissioner over a year or a year and a half ago, we left with the impression — and I don't think we're being unfair to him — that he likely favored the idea of the development of a second centre sometime down the road, a centre somewhat north of Fort McMurray. Now if that isn't the case, I am sure the minister would be pleased to straighten it out. But what's the government's thinking with regard to Fort McMurray really becoming the hub and the major centre as far as development is concerned — perhaps you'd even say the only major centre. Or is the government looking at a place north of Fort McMurray, which may have several thousand people in it sometime in the future?

MR. JOHNSTON: Mr. Chairman, I apologize for perhaps not explaining myself better when the Member for Spirit River-Fairview asked the question. We really haven't got a priority in our own minds. We are attempting to establish dollar amounts for each of those options, as you have described them. We are attempting to assign dollar values to them so we can measure the cost of each alternative should we be facing that strategy choice. I don't really know which one is going to take place. I think it depends on whether or not there will be more than two or three additional plants on stream over some period of time. That's part of the uncertainty we have to deal with. We could be faced with an additional two tar sands plants in the very near term. I think scenarios have been painted where you have one tar sands plant being brought on every year for the next 10 years. You know, there is a range of scenarios yet to be painted, but ...

MR. CLARK: [Inaudible] for the environment, and that one's passed?

MR. JOHNSTON: That probably may be the reality before we realize it, given the pressures Mr. Carter talked about tonight with respect to the liquid hydrocarbons concerns. But I can't say that. I think that by the time it completes 1977 Fort McMurray will be a balanced community, a good balance between residential and light industrial and commercial development, and will have a very strong disposable income per capita as it attracts a high calibre and highly paid people.

But obviously we really can't say which alternative we're going to have to select at this point, because the external information hasn't been decided and firmed up. We're dealing with a wide range of uncertainty at this point, and all we can do is attempt to establish some possibilities and some options.

MR. CLARK: Mr. Chairman, to the minister. I think it's reasonable to pursue this area because it is all Crown land up there, so we're not involved in a situation as far as speculation is concerned. Mr. Minister, can you indicate to us from the studies the commissioner's office has done — let's assume six to 10 additional plants in the tar sands. Obviously some

of those early ones are going to be some distance north of Fort McMurray. I'm sure the commissioner has looked at that kind of scenario. What do the economics look like under those circumstances as far as a pretty large centre north of Fort McMurray is concerned?

MR. JOHNSTON: Mr. Chairman, I think we could likely look at two remarkable costs. One is the basic cost of establishing a new town. That in itself is pretty substantial. There have been estimates from \$50 million to \$500 million. It depends on the kinds of services you feel have to be provided. Of course that is a function of the number of plants which will be served.

Secondly, the addition of the other costs is the present value of the time the employees travel. In most wage contracts there probably would be a clause which would have them paid for travel time to and from the plant. If that becomes more than 31 minutes, the present value over the lifetime of a plant becomes almost astronomical. If you collapse it in terms of present value dollars, the amount of money involved there is unbelievable. So we haven't got complete information as to which lease will go first, which plan is going to be the better. We really don't know that. It could well be that they're spread around a focus area. If they are spread out in that range, we think we probably could accommodate two or three more plants with a satellite town north of Fort McMurray, keeping the social and recreational aspects in the town of Fort McMurray itself. But that's only one scenario.

I can point out that those are two very substantial costs, and we really haven't determined who's going to pay for them. The question is: should it be paid by the developer of the mine, or by the government? Should it be paid on a joint-share basis, or should we fund it and charge it against the people in the future? There is a range of problems there which have to be determined. It would be my view that the cost of a new town, should we go in that direction, should be substantially borne by the developer of the area. But those are options which we still have to deal with.

MR. TAYLOR: Mr. Chairman, I'd like to make a comment on that. I think the plan of the government in having a commission make various plans and get the economic factors, et cetera, is excellent. But I certainly think it would be a very bad mistake if at this stage the government started to make decisions which are going to affect people who aren't even there yet. Surely the people themselves are going to have something to say about the final settlement, whether or not they want to travel 40 or 50 miles every day or have a town of their own further north.

Fort MacKay might very well be a site for a nice town at some time in the future. I simply want to emphasize that I think it's fine to get all the economic factors and all the information, but let's not start making decisions for people who may not even be born yet.

MR. NOTLEY: Mr. Chairman, I have a specific question for the minister. I notice that the estimates last year were \$633,000. The forecast was \$300,000, and the estimates this year are \$508,000. Perhaps the minister could advise why it was that only 50 per

cent of the estimates were in fact spent last year by the commissioner's office and what the reasons are for the increase.

While I'm on my feet I just want to say, as emphatically as I can, that I thought the operative word in the minister's answer was "foisted". I really think it would be a disaster for this province if we were to get the scenario in which we have one a year. The impact of that kind of capital investment in a province like ours — we've already seen the effect of Syncrude. Much of it has been good, but some of it has been bad. The other day the Minister of Hospitals and Medical Care in subcommittee estimates laid at least part of the reason for the cost of building hospitals going from \$40 a square foot to \$80 to Syncrude.

The problem of having one a year is that even with staged development we would have just horrendous economic inflationary problems within as small an area as western Canada, including the other three western provinces. I would hope we don't find ourselves facing that kind of scenario.

Obviously the government can't be doing that. If you're looking at one plant a year, you're not going to be talking about one satellite town, but a series of satellite communities. I ask the minister whether he could advise us of the reasons for the changes in the estimates.

MR. JOHNSTON: Mr. Chairman, we were caught in a quandary: what if we had to make some major decision with respect to a new townsite; what if we had to carry out some very important geophysical studies with respect to the new town locations; what if we had to look at further transportation studies by consultants? The use of engineering consultants, et cetera, was a concern, so we budgeted the money. But the money wasn't spent, because we found we could do most of those studies internally with the northeast regional commissioner's office. However, for 1977-78 we put the money back in, although we have reduced it substantially by about \$150,000 over the 1976-77 estimates. But we still wanted to have a cushion for expansion should it be necessary to conduct some further studies with the use of consultants on the new town option. Generally that explains it. As you know, the 69 per cent is based on the forecast.

Agreed To:

Vote 7 Total Program	\$508,210
Capital Estimates	
Department Total	\$97,530
Department Total	\$97,264,672

MR. JOHNSTON: Mr. Chairman, I move the vote be reported.

[Motion carried]

Department of Housing and Public Works

MR. CHAIRMAN: In light of the fact that this has gone to subcommittee, is it agreeable that we take total votes in each case as we have done in the past through those that have gone through subcommittee?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Would the hon. chairman of Subcommittee B prepare to give a report with respect to Subcommittee B.

MR. PLANCHE: Mr. Chairman, on behalf of John Gogo, the Member for Lethbridge West, pursuant to instructions contained in the Committee of Supply resolution of Monday, March 21, 1977, Subcommittee B of the Committee of Supply has had under consideration the estimates of expenditure for the fiscal year ending March 31, 1978, for the Department of Housing and Public Works. We recommend to the Committee of Supply the estimates of expenditure of \$176,880,500.

MR. CHAIRMAN: You have heard the report by the representative of Subcommittee B. All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Mr. Minister, do you have any opening remarks?

MR. YURKO: Mr. Chairman, perhaps it would be appropriate for me to make a very few brief remarks.

First of all, Mr. Chairman, as I look at the budget of the Alberta Housing Corporation, which is represented by this ministry, the Alberta Home Mortgage Corporation, and the Department of Housing and Public Works, both the capital and operating allocations add up to something like \$640 million. In terms of total manpower, in the Alberta Housing Corporation we have approximately 224 employees; in the Alberta Home Mortgage Corporation, about 96 employees; and in the department, both the Public Works side and the Housing side, about 362 employees.

Mr. Chairman, this is an awesome amount of money to be handled by the total number of people, approximately 680. Most of the money — the capital side particularly — is funnelled out to the private sector and various groups by way of agreements, contracts, and options. So we're involved as a department that stimulates, manages, and administers. I think there is hardly a constituency across the province that isn't touched in one way or another by the department, either through housing, mortgage lending, or public works construction.

So, Mr. Chairman, as I stand in my place, the one thing I seek in discussing our estimates is advice and some guidance from those who have positive guidance to offer.

I want to say that foremost in my mind during the last year has been the accountability of the people who work for the two corporations and the department to me; and secondly, the accountability from me to the Legislature. We have found it not difficult, but a real task, to communicate in a major way to the people we are associated with across the province. I suggest that as a department we are associated with many thousands of people throughout the province. We have used news releases extensively and released them as often as we could, sometimes to the extent that the news media ignored them because there were too many coming out.

We publish an Alberta Housing magazine which

has an increasing circulation. At last count the circulation was some 8,000 copies. It's a bimonthly publication and goes beyond Alberta's borders as there is considerable interest throughout Canada in the province's housing corporations.

In the area of public works during the fiscal year 1976-77, the Department of Housing and Public Works has placed much emphasis on bringing construction costs within budgetary allocations. This has been accomplished by the implementation of cost planning and control procedures at a very early stage in the design process, thus ensuring economically designed building systems and components. The same thoroughness has been applied to the preparation of realistic and detailed job cost estimates, in an effort to avoid time-consuming redesign work and the rejection of contract bids. The results of these implementations are evidenced in that no major projects and only three tenders of a reasonable size were rejected last year. In addition, 75 per cent of the building projects controlled by these measures were within plus or minus 10 per cent of the estimates, and 67 per cent of these contracts were under the estimated amounts.

Public, select, and quotation type tendering resulted in the award of 160 contracts ranging from the construction of buildings to fencing and landscaping work, and drew bids from 690 interested general contractors. Because Alberta is enjoying a fairly buoyant economy, subcontractors and some general contractors from the east and the west have been bidding on work in the province. Material suppliers have been making inroads in Alberta's markets.

Over the past few months, the price for construction has been extremely competitive, with bidding lists of anywhere from 11 to 15 contractors being common occurrences. For the period from March to October 1976, there were no appreciable changes in general construction prices. The yearly rate of escalation is felt to have finished at around 9.6 per cent. Indications are that the rate of escalation in 1977 will remain at around the 9 per cent mark for Alberta. With increased demand there is likely to be a shortage of skilled construction labor in the early part of this year.

Mr. Chairman, I believe that is the extent of my opening remarks. I would be pleased to answer any question that might be directed to the ministry.

MR. MANDEVILLE: Mr. Chairman, just a few opening remarks on the minister's appropriation. I think his appropriation is very good. I really appreciate the way he has his budget broken down. We're able to understand it. I also appreciate very much the increase in the minister's appropriation.

However, I think departmental support services is up considerably. I hope we're not going to be spending too much of our money in this area. I think we should get into spending in the area of housing.

One area gives me much concern. I travelled to the northern part of the province and I know in my own constituency — and I realize most or all of the appropriated money is being spent as far as Alberta Housing is concerned. But with our maximum on houses I can see in my own constituency, Calgary, and Edmonton that they are very restrictive. Not too many of our applicants qualify for Alberta Housing loans. Most of them have to go through Central Mortgage and Hous-

ing Corporation or some other secondary financing in order to qualify for a home. I have great concern with so many of our young people — I'm in the real estate business myself — who come in and apply for a mortgage. Housing is out of the market place for our young people. They just don't qualify. They've got to combine the salaries of the supporter of the family and the spouse before they can possibly qualify for a home, because they're priced right out of the market. They don't qualify for making payments. As the minister said, we've spent all our money and we're not going to increase our maximum. I really don't know how these people are qualifying or how we're spending all the money as far as Alberta Housing is concerned.

One program does concern me. I've mentioned it in the House to the minister before. That's our farm house program. I think last year we spent \$166,000 in this program with about six applications. The minister did indicate they're making some changes in this. Possibly it should be turned over to the Alberta development corporation. I think possibly they would be able to make a better assessment of who qualifies for a farm home. I would like the minister to indicate if they are making any changes as far as the home program for farmers is concerned. Are any changes anticipated in this area in the near future?

MR. YURKO: Mr. Chairman, with regard to departmental support services, I started off by indicating the amount of money we have to be responsible for and the number of people; the ratio is certainly not very high. If the members want to compare it with the city of Edmonton, the city of Calgary, or with respect to any other department, they will find that the ratio of the amount of money looked after and the number of individuals is indeed very very high, if you want to look at it from that point of view. I admit that's not the only way to look at it.

With regard to the lending program and the limits, the Alberta Home Mortgage Corporation's overall budgetary performance last year was in excess of 90 per cent. This was on the basis of a budget of \$242 million. Now the overall policy of the provincial government in the entire area of housing is to provide assistance to low- and middle-income families in accordance with their needs both through the home ownership area and through the rental area; and secondly, and almost as important, is to maintain a constant downward pressure on the cost or affordability of shelter.

It is our intent through our programs to try to accomplish both of these objectives. After all, it's almost irresponsible for the government to be part of this speculative game by increasing the total price of the housing it generates subsidies for. If we became part of that game and increased prices, of course the subsidies would be increasingly bigger and bigger and bigger every year.

So if we as a government are going to be involved in the area of housing, in the area of money management, in the area of supply management, it is vital that we maintain the greatest possible amount of pressure in a downward direction on the price of lots, the price of servicing, and the price of housing. We can do this in several ways.

Basically, we have a guaranteed tenant in all our programs. Through SHOP there's literally a guaran-

teed tenant, or a guaranteed buyer if you wish. He's subsidized to the extent that he can buy that house. Through the direct lending program you have a guaranteed buyer to a large degree; to a large degree again, a reduced interest loan from 9.5 to 8.25.

Indeed all our rental programs are subsidized to the extent of almost \$300 a month in lodges, \$200 a month approximately in senior citizens' self-contained units. So all rental accommodation literally has a guaranteed occupant. All the money funded in the area of home ownership literally has a buyer. So there's no real risk in this very high-priced market with respect to marketing our product if you wish. So indeed we haven't had that much difficulty putting out the money for low- and middle-income housing.

The Alberta Housing Corporation is exclusively associated with social housing, whereas the Alberta Home Mortgage Corporation is the lending function. Now in all cases in the Alberta Home Mortgage Corporation we use 35 per cent as the gross debt service ratio on loaning. That's a pretty high figure — 35 per cent. Traditionally the gross debt service ratio generally has been about 25 per cent. We go up to 35. In other words, that family is carrying quite a load even with the SHOP house and direct lending house at the prices we impose: \$46,000 for the direct lending, and \$42,000. If we increase those prices, then indeed the load on the low- and middle-income families would start to increase.

We used to have an income limit of \$16,000 on the direct lending program. It's reviewed annually, and it was raised by approximately 7 per cent to \$17,800 and has been that since approximately the beginning of the year. Now \$17,800, which includes 50 per cent of the wife's salary and 100 per cent of the income of the head of the household, is above the average family income. The average family income in Alberta as best we know, including both earners, is somewhere between \$16,000 and \$18,000. We only take half of the second family income in the \$17,800, so our lending programs indeed cater to people above and below the average income in Alberta. To raise them any higher would mean that we wouldn't be providing subsidies to those in the greatest need.

We have reviewed the farm housing program and are considering some changes. It's not possible for me to tell you what these changes will be, because they're still under consideration. It is vitally important for us in our consideration of the farm home lending program to see it as a mortgage system of last resort for the farmer, not as a mortgage system of first resort if you wish. The farmers have traditional lines of credit, and we don't wish to interfere or erase those traditional lines of credit over a short-term basis because the farm home lending program may not last very long or may be terminated, depending on the need. So we're very conscious of the fact that we do not wish to interfere with the traditional lines of credit available and used by the farming community. But as I said, we are considering some other possible changes.

MR. NOTLEY: Mr. Chairman, I'd like to make a few general remarks before getting into specific questions. Let me begin by saying that in your role as Minister of Public Works, Mr. Minister, the people of the community of Fairview are very pleased with the new public building to be opened shortly. It is a credit

to both the community and the minister. Not all the things I will say will be quite as flattering.

One thing that interested me when I listened to your introductory comments was your suggestion that the escalation in costs this year in Public Works expenditures was, if I'm not mistaken, 9.6 per cent. The reason I raise that is that I find it a little difficult to understand why we would have a 9.6 per cent increase in Public Works expenditures, contrasted with an almost 100 per cent increase over two years in hospital expenditures. I suppose it's a little difficult for the Minister of Housing and Public Works to answer that question. But in view of the fact that we are talking about public dollars in either case, I for one would like to know if there are specific reasons why the hospital field is so limited and bids have gone up by that large amount, while on the other hand the increase for Public Works has been very moderate.

Mr. Chairman, when the minister began his remarks he indicated that his department had released quite a number of news releases over the course of the year, and that's certainly true. The minister also made a number of speeches over the course of the year. I want to quote from some of them, because in quoting from them I'd like to sort of pierce through the government strategy for housing in the province of Alberta.

First of all, in the House on March 26, 1976, the minister is reported as saying, "The profits being generated in the housing industry are almost immoral in a period of apparent wage and price restraint." Then we move to April 10, 1976, when the minister is reported as saying, "Alberta's critical housing shortage hasn't come about because of lack of money, land, materials or labor ..." We all know there's no question of that. When one looks at a budget of almost \$600 million this year, a good part of which is directed toward housing, we are certainly making money available. But it goes on to say, it's not due to those factors, "but due to a 'cumbersome' planning and approval process [the minister] charged Friday."

Then we move on to April 14, 1976. The minister is quoted as saying, "Ontario's land speculation tax has been a failure according to reports reaching Alberta's housing minister. It didn't reduce housing costs significantly." I remember that matter being debated last year. The minister went on to say, "housing prices during the first year of the tax rose 1.2 per cent in Ontario." Wouldst we could have said that about Alberta.

Then on September 1, 1976, it is reported that Housing Minister Bill Yurko said Tuesday that [Albertans] are faced with "unaffordable housing" primarily because of high interest rates in the country's taxation system

Mr. Yurko admitted bureaucracy is one reason for high costs but said it isn't much of a factor in Alberta.

Mr. Chairman, I raise that because not too long ago, on April 10, 1976, the minister is reported as saying there is "a 'cumbersome' planning and approval process."

I've long since recognized that one shouldn't believe everything one reads in the paper. Nevertheless it's up to the minister to clarify some of the inconsistencies if they appear to exist.

He went on to criticize:

the "six large corporations" which he says control most of the developed land in the province and said these corporations have made unacceptable profits in the last four [or] five years.

Then, Mr. Minister, your colleague the Minister of Consumer and Corporate Affairs indicated in a speech to the Calgary Real Estate Board on October 5, 1976, "The supply of housing in Alberta will decrease sharply unless builders and developers are allowed to make a substantial profit." Mr. Harle went on to say, "If you are sheepish about the gains to be made, your industry is lost."

Mr. Chairman, on September 1 we have the minister telling us the six large corporations developing land have made unacceptable profits in the last four or five years. Then we have the Minister of Consumer and Corporate Affairs saying that unless builders and developers are allowed to make substantial profit, the housing industry is going to decrease sharply and they shouldn't be sheepish about their profits.

Then on November 9 we have the same Minister of Consumer and Corporate Affairs telling us that "Alberta is very close to having an over-supply of housing."

Mr. Chairman and Mr. Minister, moving on to November 30, 1976, "Housing Minister Bill Yurko has blamed high interest rates and fat developers' profits for the high cost of housing in Alberta." Finally on November 30, 1976, "Some builders in Alberta are making profits of as much as 40 per cent on each housing unit built, housing Minister Bill Yurko said Monday."

Mr. Chairman, I don't raise those quotes to try to play games with the minister, rather to elicit from the government its assessment of the profit picture in the home construction business and the development of housing in the province of Alberta. It seems to me we can't have the Minister of Housing and Public Works on one hand saying that developers are making fat profits, up to 40 per cent, and then find the Minister of Consumer and Corporate Affairs on the other hand saying they need to make large profits. It seems to me there is a rather serious inconsistency in those two positions.

Mr. Chairman, I'd like to direct several specific points to the minister. One of these studies indicated that housing costs in Montreal are approximately \$20,000 cheaper than in the city of Edmonton and the city of Calgary. We all know from looking at American newspapers from time to time that housing costs are substantially cheaper in the United States. All one has to do is compare a Toronto newspaper with a Detroit newspaper. Although I can readily appreciate for other reasons that one might not want to buy a home in Detroit these days, nevertheless there is a substantial difference in price.

As I look over the policies of the government, I think there's no doubt we've made a lot of important progress in the last three or four years. I'd be the first to state that. But it seems to me, Mr. Minister, that we have not dealt first of all with the question of land ownership and its concentration in the hands of some of the large developers.

Mr. Chairman, I would bring to the minister's attention statistics I obtained from the Edmonton Regional Planning Commission on population increase in the Edmonton metropolitan area and the increase in the price of homes and of lots. In the years 1971 to 1975

we had a very modest population increase in the metropolitan area of 45,000. On the other hand, according to the information compiled by the planning commission the total housing starts is really very impressive. We're looking at 30,000 housing starts — a ratio of 1 to 1.5, which by any yardstick has to be a pretty impressive performance. One would think it would lead to the downward pressure you underline as an important objective of provincial housing policy, but it hasn't. The price of housing in Edmonton has continued to rise.

What has risen even faster, according to these planning commission statistics is the cost of lots, a quadrupling from \$100 a front foot in 1971 to approximately \$400 last year. The price of housing had gone up 250 per cent in that period, but the price of lots had gone up 400 per cent, which leads me to place before you some specific questions.

First of all, what is the government's position on the profits of developers? How serious a problem is it? Has the minister been correctly quoted when he's reported as saying that large developers are making profits of up to 40 per cent on housing units? That's the first question.

The second is: if these figures from the planning commission are correct, to what extent do we have, if not a present problem of concentration of land in the hands of too few companies, a problem developing where the land around our major cities is tied up. We don't really have the market forces effectively at work at all. You have a semimonopoly situation. To what extent is that a correct assessment of the situation? To what extent is that part of the reason that lot prices have gone up substantially faster than overall home costs?

Mr. Chairman, I think those two issues are paramount. I would put a number of specific supplementary questions to the minister, but perhaps we could begin if the minister would respond to those two questions.

MR. YURKO: Mr. Chairman, I'll make some general comments before replying specifically.

Housing is a very complex and changing industry. Very many factors are associated with it, and it changes rather quickly in both the rental and home ownership areas.

In regard to some of the speeches I've made, my speeches are all available because they're written. If the hon. member wishes to read the whole speech rather than just the little excerpt that appears in the paper, he's welcome to phone my office any time and he will have the benefit of the entire wisdom I try to espouse in these speeches rather than just that small amount that confuses the news media.

I've always maintained that a minister in government has the responsibility of leading in various directions and creating to some degree an understanding, a mood. I've always felt it my responsibility as a minister to do this and will continue to do so. I have no difficulty backing up statements I made at any point in the last year. Indeed, if I was talking about the cumbersome approval process at one point, you will notice that something always happened before or after that sort of discussion. The Minister of Municipal Affairs changed the subdivision transfer regulations once and helped considerably in the area of housing.

In regard to talking about the land speculation tax, I have no difficulty defending my statements in that area, and I'll come back to that shortly. With respect to profits made by developers, all we did was identify the profits in their annual reports and indicate the very substantial increase in profits by some of the major developers over the last two or three years. There is no secret about how much money is being made in the housing industry, and there is no secret about the fact that if the profit levels are very high, there will be a spurt of activity, as my colleague indicated, as evidenced by the fact that we had almost 39,000 starts in the province last year — virtually double what we'd normally have. Because the profit level was so high and the greed throughout the industry was so great, everybody tried to grab some of the enormous profit available. Indeed there was a reduction in the construction of apartments, rental accommodation, because there was so much money to be made in the sale of homes at this very high price.

There is no mystery in our minds as to the difference in house pricing throughout the various regions of Canada. I sent several of my top officials to Quebec in October, and they brought back a fairly interesting report. They conversed with the mayor of Quebec City and a number of officials in the Quebec government and apprized me of something like the following: new single family accommodation is less expensive in Quebec than in Alberta. A new 900 to 1,000 square foot single-family dwelling in Montreal and Quebec is priced between \$30,000 to \$40,000, versus \$50,000 to \$60,000 in Alberta. Social housing costs appear to be similar, in the \$30,000 to \$35,000 range. Raw land costs are lower in Quebec than in Alberta. An acre of developable raw land in Quebec City sells for between \$6,000 to \$10,000 per acre versus \$20,000 to \$40,000 in Edmonton. Serviced lot costs are lower in Quebec than in Alberta. A serviced 5,000 square foot lot in Montreal costs \$7,000 to \$8,000, including land, for the developer to produce, versus \$15,000 to \$20,000 in Alberta, and they're higher than that. Private construction costs appear to be lower in Quebec than in Alberta. A private builder in Quebec City selling a 950 square foot single family home has a construction cost of \$16 to \$18 per square foot versus the region of \$24 to \$25 in Alberta today.

Property taxes are considerably higher in Quebec than in Alberta. In Laval, a suburb of Montreal, property taxes on a small single family dwelling range from \$1,100 to \$1,400 per year as in Ste. Foy, a suburb of Quebec City, approximately \$900 per year versus \$500 per year for a similar home in Edmonton.

Obviously it's just a case of juggling finances. We know that the city of Edmonton used to service lots, sell them at a relatively low cost, and put them on the tax base. As a result you paid for your house amortized through your tax system. But both Edmonton and Calgary went off that system. When they went off that system, some rather remarkable things happened in Alberta. Indeed the reason the price of houses in Quebec and Montreal is considerably lower is that they're still amortizing a lot of their costs through the property tax system. You can take that extra \$6,000 of extra property tax, if you wish, convert it through a 12 per cent interest and come out to \$12,000 or \$13,000, and add it to your \$40,000

home, and come pretty close to the Alberta home — not that close but fairly close, much closer. So it's a case of how you handle finance.

We're also doing a major analysis between the cost of a house in Montana and a house in Alberta. When that data is available I promise to table it so the members can have the benefit of that analysis.

But there really isn't very much mystery. About three areas of costs reflect in the total price structure of housing across the nation. One is interest rates. Rather interestingly the HUDAC study, for example, indicated that the lot plus the overheads of a \$55,000 house was in excess of \$30,000. The actual construction was below \$25,000 for that 1,080 house.

My concern has been with how the money revolves in the housing industry. Any comments I've made in some of those speeches relate to the manner in which money revolves in the housing and real estate industry. How that money revolves has a great effect on the price of the house to the final consumer. If you're working exclusively through the private sector, the larger corporations which discount their cost of money at a reasonably high level, if you're working with large corporations which charge for the cost of land today on its replacement value five years from now rather than today, calculating the escalating costs on the basis of today's inflation at 10 or 12 per cent, you get very high land prices.

Corporations circulate money round and round through the industry in four different ways: through their shareholders; through their own inherent costs which escalate rapidly within the corporation, because as they make more profits they pay higher and higher salaries; through the federal government, through both the corporation tax and the income tax system in a major way; and through provincial governments. Very little is circulated through municipal governments. Indeed in Montreal, in Quebec City, more money from the industry circulates to the municipal level of government.

I have no difficulty in telling the member that we've looked seriously at a foreign investment tax on foreign ownership in the urban setting. We measured it or tried to examine it qualitatively with three criteria. Would it lower the price of housing? Would it circulate money at the municipal level, in other words, assist the municipality with growth and additional servicing? Thirdly, would it make land more available? These were the three criteria: would it lower the cost of land and housing; would it make land more readily available; and would it circulate money at the municipal level, rather than at the provincial level through the shareholders or the corporation itself.

We found that a tax on foreign investment in land in the urban setting would simply not satisfy these criteria. On examination we found that a speculative land tax would be very readily added without any difficulty whatsoever.

The third method we have been examining, and still are examining, is the land-use transfer tax or a municipal government recapture levy on vacant or near-vacant land, so the money circulates at the municipal level. Our total governmental structure in most provinces in the nation today circulates the money through the federal and provincial governments and through the corporate structure itself, but not very much through the municipal level which indeed creates the wealth.

Our examination wasn't from the point of view of attempting to make money, or bringing more money into the provincial coffers, but simply from the point of view of lowering house prices, making land more available, and indeed circulating money at the municipal level.

Rather interestingly, we were looking at the advantages and disadvantages of permitting the municipality, through its own volition, to tax vacant and near-vacant land at market rates to increase the risk of holding land. There's little risk in holding land over the long term. Corporations build up land banks of 10, 15, 20 and 25 years, then discount the price back on today's lot in terms of holding that land. So there is no mystery, absolutely no mystery.

The point is that the cities of Edmonton and Calgary made conscious decisions to unload servicing onto the developers and circulate the money, not through the municipality but through the senior levels of government. Not all cities made this decision. Where the city hasn't made this decision, even in a point of high economic activity, the lot structure is lower than where this decision was made. Mayor Sykes knows this story very well; he has repeated it two or three times.

The Member for Spirit River-Fairview indicated the downward pressure of cost because of supply. I think he should relate also to the fact that the number of people per unit has been changing rather dramatically in Alberta. In the last three years it's gone from 3.5 people per housing unit to 3.2. If we reverted from 3.2 to 3.5 because of economics, we would literally release 45,000 empty homes or housing units in the province.

So there has been a movement toward being very generously housed in the province. But economics changes it again. Indeed we're starting to get doubling up in suites now by students and single people, so the ratio might tend to creep up again.

Now, Mr. Chairman, the specific questions that were asked of me were: the position on profits of developers. I think I explained that. I think I explained that by our examination of the three possible taxation systems. It isn't difficult at all to suggest at all that a land developer, a house constructor, is entitled to a reasonable rate of return on his equity. In the housing industry most or much of the money is guaranteed through the federal government and supplied as high ratio loans. So when a developer quotes a rate of return of 7 per cent on his money when all he has is 5 per cent equity in that investment, if it's land for example or a house, and the provincial or federal government places 95 per cent of the equity on a guaranteed basis, he's making a pretty reasonable rate of return on his own equity, which in many cases is very little and in some cases zero. So the risk of sale in a buoyant market like Alberta is very low. Of course it's a pretty lucrative business. So the corporations come and you tend to get concentration occurring rapidly. There is no mystery to the situation at all.

The second is: to what extent do we have a present problem and a developing problem? I believe we know the situation quite well in Alberta. We have an oversupply in high-priced housing. But that oversupply is going to create difficulties too, because the housing market is marking time.

MR. CHAIRMAN: Order please.

MR. YURKO: Maybe you could get it down to a whisper so I can hear myself.

The housing market is marking time hoping to sell these high-priced houses on a lesser sales rate for the simple reason that many contractors locked into high-priced lots with high-priced houses literally have not much more of a choice than bankruptcy if you get a major drop in the price of those houses. So they are marking time and shifting more and more of their resources and manpower to building through government programs and building lower priced housing in both the rental area and the affordable area. There has been a noticeable improvement in this area in the last several months.

I'm not sure there was any other specific point you wanted me to comment on, but if there was you can bring it up.

MR. NOTLEY: Well, Mr. Chairman, perhaps I could follow along. Mr. Minister, I was interested in your comments about recapturing funds at the local level through a tax on vacant lots that had not been developed which would increase the risk of holding land.

MR. YURKO: In the urban centres.

MR. NOTLEY: In the urban centres. Yes, I realize that. Then you went on to explore what happened in Edmonton and Calgary some years ago and contrasted that with the communities — Medicine Hat would be one example, and Red Deer another if I'm not mistaken — where the cities still follow the former approach. With the benefit of our present knowledge, would things be better in Edmonton and Calgary had the change not been made?

MR. YURKO: Well, Mr. Chairman, there isn't a doubt in my mind about the fact that Albertans are the best-housed people in Canada. They are the best-housed people in the world. That didn't occur because the government owned all the land. That occurred because there was a very competitive free enterprise market here. The point is that the free enterprise market can readjust itself so that it has periods where, indeed, it's not as competitive as it should be. In the whole area of land development and bringing land on stream, it is quite possible that the market today in Alberta is not as competitive as it should be. But that is not to detract for one minute from the fact that the position we have reached today in Alberta has been brought about by the free enterprise market situation, which indeed was quite competitive.

The question is: what can be done, what should be done from here on in terms of adjusting and making the market more competitive in the province? We have said that some approaches are possible. Land banking with the municipality is one which we're doing extensively, and in the Alberta Housing Corporation budget there is some \$29 million for land banking and servicing. But that's only one, and it's not the only panacea to the problem. As a matter of fact our influence there doesn't necessarily have to be, nor can it be, very great in the two large metropolitan areas. It can be great in Red Deer; it can be

great in a smaller centre.

The second area we brought in is a combination between the government and the private sector. The government provides money, front-end financing to the private sector for land banking and land servicing for the smaller builders to bring them back into the provision of lots on a competitive basis.

As I indicated to you, we have examined and are continuing to examine making land ownership — or sitting on land in the urban setting, if you wish — a riskier business. It's too good a business. Those people who are sitting on agricultural land within the urban setting are sitting on a gold mine. They know it, the city knows it, everybody knows it. Their taxes are insignificant. They're sitting on vast tracts of developable land within an urban setting, knowing it's going to be developed. What better gold mine could you be sitting on? Yet the risk of holding it and holding back on development and only marketing it so it suits your capital gains structure through the federal government creates a situation that's not necessarily acceptable in the creation of an acceptable type of city, with respect to the housing mix between multiple units, high-rise units, and all the way down to single-family units. The mix constantly changes, not so much by sociological desire and demand today as it does by economics in Alberta. So we know the situation, and we've done quite a lot in this area. Our budgets are large in terms of assisting the low and middle-income people.

One of the questions is: will the private sector indeed solve its own problems? Some think it will without very much more interference by any level of government. Well, we'll have to wait and see, but I indicated we are still actively considering providing some opportunity to the municipality with respect to recycling money at the local level in regard to housing supply and coping with growth.

MR. NOTLEY: Mr. Chairman, one can argue and get into a sort of general philosophical debate whether the private sector will look after it. That is not too productive at this point in time. However, what seems to me to be rather unchallengeable, Mr. Minister, is why anybody sitting on a gold mine would want to let the situation correct itself. They're sitting on a gold mine. Why should they change the rules unless we make changes for them by allowing, as you suggest, the municipalities to move in and make it a much riskier business? You quite properly point out that it's a very profitable business at this time to sit on land that will be used for residential, commercial development, what have you.

My question is: what time frame do you have in terms of policy formation for making a decision one way or the other whether this kind of move will be taken by the government?

MR. YURKO: Well, Mr. Chairman, I didn't say a decision would be made soon on the matter. I said we were examining the various alternatives. There are many alternatives; it's not cut and dried. You can let that fellow sit if you want, because growth doesn't have to be concentrated in any one particular area. One of the most fundamental policies of this government has been balancing growth across the province.

Indeed, if you want to look at the figures you will find that the increase in the number of housing units

last year in rural Alberta went up by 108 per cent, much higher than in the city of Edmonton and Calgary. If you go to any town in the province of Alberta that now has water and sewer, it is springing up with houses. So growth doesn't have to be concentrated in the two major urban areas. There is such a thing balance in growth. Economics plays a very important part in balancing growth. So there are alternatives, and the alternatives are going around and across and over top of these types of people. The industry can do this remarkably well itself, without having to do anything with this fellow sitting on his particular gold mine.

I should have indicated that there is no planning act in Quebec. All subdivisions are zoned and approved by local municipalities. A planning act is being drafted however. It is traditional for municipalities in Quebec to install all services, sewer and water trunks, laterals, roads and curbs. Sidewalks are often not installed. The municipalities fund the cost of services through bond issues, and recoup the cost from the benefiting property owners through local improvement taxes.

There is no standard traffic circulation or park dedication land requirement in Quebec. We're building a pretty gold-gilded society in the province of Alberta in terms of community development. Each subdivision requirement is negotiated on an individual basis. When you get into creating very attractive areas, and intersperse housing, naturally the housing costs pay for the total infrastructure and the costs are going to be high as compared to another jurisdiction.

But, I do want to say this: for the first time in I don't know how many years, the population growth in rural Alberta is faster than in the two urban centres. In other words, the population is not moving in any more; it's staying out there. That's an option brought about to a large degree by economics. Indeed if you started to lower the cost of housing in the two major urban centres very dramatically, and increased the price of housing in other centres, you're going to reverse the flow and again get a major flow to the two urban areas. I don't know if that's your policy. It may be. But I'm not certain it's ours, because we embarked in 1971 on a policy of balancing growth across this province, and we're pretty proud of the fact that it's succeeding.

MR. NOTLEY: Mr. Chairman, first of all, the statistics indicate that the population outside Edmonton and Calgary has gone up faster than the population inside, no question about that. To what extent, though, is this really a population increase in the adjoining areas of the major cities as opposed to . . . [interjection] Well, I'll give you a chance in a moment because my next question really follows right along.

To what extent do we have concentration of land ownership by a few companies around our growth communities: Spruce Grove, Gibbons, Stony Plain, Devon, Leduc, communities around Edmonton that are growing rapidly. We find the same in Calgary, although the growth is probably not quite as obvious outside the city boundaries, because the boundaries are considerably larger. But with respect to the smaller communities growing within short driving distance of the major centres, what problem do we have there with the same concentration of land that

represents a serious difficulty for the cities themselves?

MR. YURKO: Well, I don't have the figures in terms of the concentration of ownership in some of the smaller centres around the two major urban centres, particularly around Edmonton. In some centres it's fairly high, in others it isn't. In some we have quite a bit of land owned by the province. For example, I think the provincial government owns in the order of 1,600 acres around Fort Saskatchewan; it's Crown land. Much of it was reserved for institutional [use]. But because of the federal government institution on Sharpe's farm, we can now examine the possibility of releasing. Indeed, we're land banking quite extensively with some of the municipalities around the urban centres. We hope the smaller housebuilders will take advantage of the residential lot development and land purchasing fund and will get interested in the smaller centres. I was going to indicate that in 1966 cities other than Edmonton and Calgary had 8.3 per cent of the population in Alberta. In 1971 they had 8.2 per cent; a drop. In 1972 they 8.1 per cent, while the two major urban centres were growing. In 1975 they had 8.5 per cent — starting to go up — whereas the rural population was dropping rapidly from 1966 to 1971, then started progressively to increase slightly from 1971. So that tells you a reasonable story. The small centres gained some. But they were losing for awhile and then started to gain at the expense of the bigger centres.

I think that's all, Mr. Chairman.

MR. CLARK: Mr. Chairman, perhaps just a couple of comments, then a question to the minister. I would say to the minister that I heard the same kind of argument used by the minister last year or the year before with regard to this balanced growth argument and how in 1971 or 1972 the growth started to spread out across the province. So I took the time to do some checking in some other parts of North America. If the minister's extensive research was that broad he'd find out that to a very great degree the same kind of thing has happened in a large number of jurisdictions. The minister shakes his finger, but if he does his homework he will find out that I'm right.

I would also say to the hon. minister that I find his comment with regard to the cost of public construction in the province going up 9.6 per cent extremely interesting. I suppose it's part of the old question of how you use figures. It wasn't more than a week ago that your colleague who sits three seats to your [right] was telling us in the hospital estimates that the capital construction costs of hospitals have gone up 100 per cent in the course of two years. At that time, he was using the heated economy in the province of Alberta as one of the major reasons for that. Perhaps the Minister of Housing and Public Works might very well pass on some of his, if I could use the term, wisdom . . .

MR. NOTLEY: Give him a few lessons.

MR. CLARK: . . . to the Minister of Hospitals and Medical Care because I find it inexplicable that the cost of hospital construction in Alberta could go up 100 per cent in the course of two years, yet the cost

of public works through the Department of Housing and Public Works could increase something like 9.6 per cent in one year. That's the last year, I admit. But I think all of us can use figures on occasion. I just make the point that the kind of comparison we see there certainly bears looking at.

I would say to the minister that tomorrow morning my colleagues and I are going to be looking at six houses built in the Edmonton area by small builders and by the Alberta Housing Corporation to do some comparisons. So tomorrow afternoon we'll be coming back to the minister and exploring considerable detail. It's basically for that reason we haven't gotten involved in that particular area this evening.

The last question I'd like to ask the minister before we might adjourn is: in discussions I've had with small builders or large developers, the most common complaint I get is the long period of time that's involved in approvals. I'm told that from the time someone acquires raw land until it's in a developable stage, three years in Edmonton and Calgary — those are ballpark figures — has now become the minimum. In some cases — I suppose these may be exaggerated — we're getting up to six, seven, eight, and nine years. Now the minister made reference to changes in the transfer regulations and so on, and looked over his shoulder to the Minister of Municipal Affairs. In fact I believe the minister said that sometimes when he speaks, something happens. Mr. Minister, since you've spoken on that matter of cutting down the transfer time, I still hear many of the same complaints, be they from small or large developers.

It seems to me that one of the things the planning act will do, and perhaps the minister or anyone else in the government can do, is to slow down that period of approval. On occasions I've been frustrated enough with the long period of time it takes to get approval. If I could be so frank as to say that at both the municipal and provincial levels we should have some person who would say to people: look, that's been on your desk for 10 days; now make a decision or else. I think one of the most frustrating parts of the whole approval system is that some people on the provincial, municipal, and planning commission levels put these decisions into the three-month, the six-month, and the nine-month baskets rather than making some quicker decisions. I recognize there are difficult decisions there. But, Mr. Minister, repeatedly over the course of the last several years the problem of that period of approval stretching itself out has been with us. Admittedly, since the transfer regulations have been changed somewhat, maybe it's been helped a little bit. But I'm told we're still looking at an average of three to five years.

You yourself, Mr. Minister, said one of the three things you'd looked at was this question of interest. When you're paying interest on land for four, five, or six years, we both know who ends up paying it in the end. It's the person who is trying his darnedest to get a home. The Alberta Home Mortgage Corporation, CMHC, and other agencies may help, but in the end it's that person or that couple who in some cases end up not being able to get the home as a result of the long period of time.

Mr. Minister, I'd certainly welcome your comments on the approval process. What do you see happening there? How much are you going to shorten it down?

MR. YURKO: Mr. Chairman, I have to comment on the hon. Leader of the Opposition's first point. I know what's happening in the States reasonably well. The member is certainly correct. But he is talking about moving out from a city of 2 million people, 5 million people, 4 million people, 1.5 million, and that's very prevalent. Life has deteriorated in those cities, and there is a movement out. No doubt about it at all. I personally was part of it in New Jersey, in New York, and in Arizona. The point is that in Alberta we don't have those cities. We have small cities. Our cities are still under a half million people. Very attractive.

MR. CLARK: If you look in the western United States, you'll find you're absolutely wrong.

MR. YURKO: You'll have to provide the statistics.

In regard to the approval process, I think you'll find that the planning act imposes shorter time periods for decision. They used to be fairly long. I think they were 60 days or something like that, with a certain appeal, but I would have to have the act in front of me. I think they are 30 days now. There is a shorter time period. Don't hold me to the figures. I must say the leader is relatively correct in using the three to five years. That's about what it takes. The Alberta Housing Corporation, was able to get the mobile home park in Airdrie on in about a year and a half. [interjection] No, not necessarily. In some cases it does take eight years. If you are trying to bring on stream — there is a tendency for large developers to come before the local authorities with an approval scheme for a new city: in Calgary, 100,000 people; 50,000; 40,000; a vast new area. So you would have a very large land holding. When you put in the sewer and the water systems you have the capability of a vast development.

Now that process takes time. It does bring in complexities, and it does affect many people. It does affect road systems, and it does affect all sorts of transportation systems, social services, and so forth. So when you take the long figures, then you are dealing with literally an approval of a whole new city.

But where a developer is asking for an approval for 300 homes, 200 homes, 50 homes, or 25 homes in Vegreville, Camrose, or the little towns, you will find the process isn't very long. I have no figures in front of me, but I use Airdrie as an example. We didn't have any particular pull in Airdrie. We went through the same process as anybody else, were held up, and I complained I think publicly in the House a year ago about being held up in Airdrie. But it was still within a year and a half.

Most of these smaller subdivisions in the smaller centres are done in a year, a year and a half, or two years at the most. When you speak about longer delays, there are reasons for those delays. Indeed they are because the developer is coming in with a vast new area and he literally wants to create a city. It takes some time to integrate that new city, if you wish, on the edge of another city through the transportation systems, communications, and so forth.

Mr. Chairman, the Leader of the Opposition asked me a second question but it went by me. I don't remember what it was.

MR. CLARK: Mr. Chairman, perhaps on that note we might adjourn, if that's agreeable, and get on tomor-

row afternoon specifically to the minister's figures versus some other figures on the six Alberta housing units.

MR. HYNDMAN: I move the committee rise, report progress, and beg leave to sit again, Mr. Chairman.

[Motion carried]

[Mr. Speaker in the Chair]

DR. McCRIMMON: Mr. Speaker, the Committee of Supply has had under consideration the following resolution, reports the same, and requests leave to sit again:

Resolved that for the fiscal year ending March 31, 1978, amounts not exceeding the following sums be granted to Her Majesty for the Department of Municipal Affairs: \$2,075,860 for departmental support services; \$69,248,042 for financial support for municipal programs; \$10,380,350 for Alberta property tax reduction plan — rebates to individuals; \$6,242,800 for support to community planning services; \$8,313,330 for administrative and technical support to municipalities; \$496,080 for regulatory boards; \$508,210 for co-ordination of northeast Alberta programs of interdepartmental support services.

Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress on the same, and requests 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.

MR. HYNDMAN: Mr. Speaker, tomorrow afternoon following motions for returns, as per notice we'll proceed to designated government business. The Committee of Supply will continue the estimates of the Department of Housing and Public Works. The Assembly will not be sitting tomorrow evening.

I move the Assembly do now adjourn until tomorrow afternoon at half past 2.

MR. SPEAKER: Having heard the motion by the hon. Government House Leader, do you all agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The Assembly stands adjourned until tomorrow afternoon at half past 2.

[The House adjourned at 10:25 p.m.]