

LEGISLATIVE ASSEMBLY OF ALBERTA

head: MINISTERIAL STATEMENTS

Title: Friday, May 13, 1983 10:00 a.m.

Department of
Energy and Natural Resources

[The House met at 10 a.m.]

PRAYERS

[Mr. Deputy Speaker in the Chair]

head: INTRODUCTION OF SPECIAL GUESTS

MRS. FYFE: Mr. Speaker, this morning I have the pleasure of introducing to you and to members of the Assembly 28 grade 6 students from Vital Grandin school in the city of St. Albert. Accompanied by their teacher Miss Gagné, they're sitting in the members gallery. I ask them to stand and be recognized by the Assembly.

MR. JOHNSTON: Mr. Speaker, even though it is Friday the 13th, as a member for Lethbridge it is indeed a lucky day for me to introduce to the Assembly 32 students from the Lethbridge Collegiate Institute. They are here with their teacher Mrs. Isabelle Henderson, and Mr. Hugh Tamblyn. Ladies and gentlemen, I hope you will appreciate the time you are here today and enjoy some of the exchanges which take place on the floor of the Assembly. I ask that you rise and receive a warm welcome from my colleagues in the Legislative Assembly.

MR. SHABEN: Mr. Speaker, it's also a pleasure for me to introduce to you and to members of the Assembly 48 bright, sparkling, young grade 5 students from the E.G. Wahlstrom school in the Lesser Slave Lake constituency. They are accompanied today by their group leader Mr. Herfried Schmidt, teachers Mrs. Geraine Johnson and Mrs. Daria Wallsten, as well as parents Mrs. Anne Allen, Mrs. Muriel Brennan, and Mrs. Irene McDonald. Their bus driver, Mrs. Elenor Norris, is also with them this morning. They are seated in the public gallery, and I ask that they stand and receive the customary welcome of the Assembly.

MR. LEE: Mr. Speaker, it's my pleasure to introduce to you, and through you to members of this Assembly, a distinguished Albertan and former alderman of the city of Calgary, when he served as chairman of the district 7 hospital board for nine years. I think it's particularly fitting that he be introduced today, in view of the Premier's statement yesterday. While he was a member of this Assembly for four years, he had the distinction of being the first Chinese Canadian to serve in a legislature in Canada. Will you join me in a warm welcome for a very popular former member of this Assembly, Mr. George Ho Lem.

DR. BUCK: Mr. Speaker, I'd also say to the hon. guest that we hope the Assembly, and the Premier especially, would have the foresight to recommend to the Prime Minister of Canada that the hon. member in the gallery also be the first Chinese senator in the Senate.

MR. ZAOZIRNY: Mr. Speaker, on April 13, 1982, the Alberta government introduced the Alberta oil and gas activity program. The program was designed to alleviate the severe damage to Alberta's energy industry caused by the national energy program, a worldwide economic downturn, high debt servicing costs, and the federal budget measures of November 12, 1981.

There is now evidence that the cash flow position of our oil and natural gas producing industry is improving. First-quarter results of individual companies bear out this fact and are an encouraging sign. However, two factors — oil pricing uncertainties and difficulties encountered in marketing our oil and natural gas production — have intervened since the announcement of the oil and gas activity program. They have adversely affected the rate of recovery of our energy exploration companies, and hence their level of exploration activity. The current level of exploration activity is not unique to Alberta but is part of a worldwide situation in the drilling industry, with our United States neighbors currently utilizing only some 40 per cent of their 4,500 available rigs.

Nevertheless, this government recognizes the economic significance of drilling activity in Alberta, not only to those directly involved in that industry but also to the thousands of Albertans in related work who benefit through the spinoff effects of this important economic activity. Oil pricing uncertainties and marketing difficulties have affected the level of drilling and well-servicing activity likely to occur in Alberta during the summer and early fall of 1983. Consequently, Mr. Speaker, I wish to announce today the introduction of the development drilling incentive program and the oil and gas servicing incentive program. These two programs are modelled after the successful 1982 development drilling and well servicing incentive programs, with some important modifications.

As in 1982, under this year's development drilling incentive program, cash grants will be paid toward the cost of development footage in all wells on Alberta's Crown lands. However, this year's program differs from the 1982 program in three important respects. One, in addition to wells associated with oil and natural gas production, the definition of an eligible well has been expanded to include wells to be deepened or to be drilled for the production of crude bitumen. Two, based on cost information submitted by industry for shallow wells in connection with the 1982 program which had not previously been available to the government, payments will be adjusted to more accurately approximate one quarter of incurred field costs. Three, most significantly, grants will be split into two components: one, a drilling component will be paid when the well has completed drilling and, two, a well-completion component will be paid when a potential producing well is completed and is capable of commencing production in paying quantities. The relative contributions of the two components to the total grant are designed to approximate drilling and completion costs at various depths, with emphasis on the completion component to encourage well completion and provide added assistance to the service and supply sectors.

The benefits of this program are payable for development wells which commence drilling between May 15, 1983, and September 30, 1983, inclusive, to a maximum

of \$70 million.

The oil and gas servicing program has also been modified in order to encourage activity and sustain employment for the maximum number of Albertans, as follows: one, cash grants will be paid to cover 50 per cent of only the labor costs of certain maintenance, service, and repair work and, two, oil and natural gas batteries and pipelines upstream from oil and gas batteries will now be eligible facilities under the program, as well as wells and well equipment. The benefits of this program will extend to work conducted and completed between May 15, 1983, and September 30, 1983, inclusive, to a maximum of \$30 million.

Mr. Speaker, information letters outlining the specific details of the development drilling incentive program and the oil and gas servicing program will be forwarded to industry in the next few days, to enable industry to quickly familiarize itself with these initiatives and to plan their summer and fall drilling programs accordingly.

MR. NOTLEY: Mr. Speaker, I wish to respond to the ministerial announcement today, indicating that between May 15 and September 30, a period of four and a half months, this government will be bringing into effect two programs which will cost a total of \$100 million. While I have argued in the House before that any incentive program for the industry should be performance related — and I note there at least seems to be some recognition of this fact — it seems to me that if we as members of the House are considering incentives to the industry, if we are going to move in areas such as the minister has outlined today, then we have to reassess some of those massive, across-the-scale royalty reductions which were part of the economic resurgence package announced a little over a year ago.

We're talking now about an additional \$100 million over a period of a little over four months. I would say that regardless of how much pressure there has been on the government for this type of program, one has to recognize that this massive subsidy has to be put in perspective. Other industries in this province are also facing extreme difficulties. All one has to do is look at the number of bankruptcies and one can testify to that fact. Unfortunately, they are not in a position to get the kind of assistance which, in the case of the first program, is going to "approximate one quarter of incurred field costs"; and is going to cover 50 per cent of labor cost, not only in the provision for maintenance, service, and repair work, but also "oil and natural gas batteries and pipelines upstream from oil and gas batteries will now be eligible".

Mr. Speaker, what we're doing here — and I think we have to recognize what we're doing — is using vast amounts of public funds over a limited period of time to stimulate an industry. No one argues that the petroleum industry isn't important in this province. But I suggest there are other options we should be examining that would have a greater impact in the long run. The commitment to get on with the construction of a heavy oil upgrader, even if that means investment on a debt or equity basis to get such a project off the ground, would probably do more to bring life back to the drilling and oil servicing industry than the program announced today.

Mr. Speaker, I simply close by saying to members of the House that while there are some performance guarantees linked to this announcement, I'm sure many other sectors of the so-called private-enterprise sector in this province wish the government would be as generous to them as they are to the oil and gas industry.

head: **ORAL QUESTION PERIOD**

Government Appointments

MR. NOTLEY: Mr. Speaker, I'd like to direct my first question to the hon. Premier. It's with respect to an issue that has been of long-standing interest to the federal Opposition leader, Mr. Nielsen; namely, patronage. Could the Premier advise the Assembly whether or not he was involved in discussions with the Minister of Economic Development or the Minister responsible for Personnel Administration regarding the decision to appoint one Frank McMillan, the former executive director of the Tory party, to the position of director of industrial promotion in the Department of Economic Development, without the position having been publicly advertised and without any public competition being held for the position?

MR. LOUGHEED: Mr. Speaker, I was very much involved and made the recommendation in part with my colleagues. I believe Mr. McMillan will be, and has already proven to be, an excellent addition to that particular department. I think it's important for us to have talented Albertans who have great experience, as the hon. member should know, in the matter of organization.

MR. NOTLEY: Mr. Speaker, apart from his eminent service to the Tory party, could the Premier advise the Assembly what review he made of section 15(3) of the Public Service Act, with respect to the "specialized knowledge" Mr. McMillan would have that would allow the government not to have competitions in this particular case?

MR. LOUGHEED: Mr. Speaker, having worked very closely with Mr. McMillan over a number of years, there was just no doubt in my mind that he had some very unusual abilities in both his private-sector experience before he became involved with the Progressive Conservative Party and as a member of the Progressive Conservative Party as a principal organizer. I watched organizations all across this country. He's a superb organizer. There was no doubt in my mind that we needed that additional involvement in this department. It was welcomed by those involved. Perhaps the hon. minister who was involved in trips with regard to Mr. McMillan's recent activities could confirm to any involved the important contribution he's making.

I want to go on to say that so long as I am leader — and as I've said many times in this Legislature — it will continue to be the position of this government that we will appoint people to responsibilities. Whether they've been involved in other political parties, whether they haven't been involved before, or whether they've been involved with the Progressive Conservative Party, our overall objective will be to ensure that we have the most talented people possible that we can attract to the public service of this province. We did that before the elections of 1975, '79, and '82. We'll continue it as long as I'm sitting here, and it has the general support of the citizens of Alberta.

MR. SCHMID: Mr. Speaker, I would like to supplement the answer of the hon. Premier. Having just returned from an investment mission to Germany, where we discussed investment in Alberta with investment bankers as well as presidents and chairmen of multinational corpora-

tions in Germany, as well as visited the Hanover fair, one of the largest fairs in the world, I can only say that we returned with investment interest by about 30 companies for joint ventures in Alberta. As well, having the input of Mr. McMillan improved our work over there immensely. Having discussed it with him and the bankers there, not only was he highly respected during the entire mission, which was the first he was on, but I am looking forward to having him along on other missions because of his input and the type of vitality he has which, as far as I'm concerned, is exceptional in all of Alberta.

MR. NOTLEY: Mr. Speaker, I'm not surprised at the defence. The members of this House owe a great deal to Mr. McMillan; the question is whether the people of Alberta do.

My question to the Premier is: with these unique talents Mr. McMillan has, why would the government not go through the competition process? If these talents are so great, Mr. McMillan would undoubtedly have won the competition.

MR. LOUGHEED: Mr. Speaker, I am sure he would have. We wanted to move very quickly. It was an important matter to have his experience there as quickly as possible to help the hon. minister and others.

MR. NOTLEY: Mr. Speaker, I'd like to pose a supplementary question to the hon. Minister of Economic Development.

MR. DEPUTY SPEAKER: I believe the hon. Minister responsible for Personnel Administration wishes to supplement.

MR. NOTLEY: Okay, fair enough.

MR. STEVENS: Thank you, Mr. Speaker. In supplementing the responses of the Premier and my colleague, I might indicate that the research of the Leader of the Opposition might go past sections 15, 16, 17, all the way through to section 29. Section 29 of the Act provides for the appointments of officials under contract.

MR. NOTLEY: Mr. Speaker, we're coming to that question. [interjections] Yes, we are. I'm glad you've got your copy of the Act; you may need it.

Mr. Speaker, first I'd like to ask a supplementary question to the Minister of Economic Development. Why was the position of executive director of industry development advertised, a competition called, interviews held, a short list developed, and then no one appointed to the position? Incidentally, Mr. McMillan was hired a week within this decision. Why did that occur?

MR. PLANCHE: Mr. Speaker, that's a departmental decision-making process that wouldn't necessarily come to my attention at the time. I'd be happy to check.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the minister advise the Assembly whether the hon. minister, the hon. Minister responsible for Personnel Administration, or the hon. Premier at any time reflected upon the contract appointment of Mr. McMillan, the former executive director of the Tory party, to the position of director of industrial promotion when the position of executive director of industry development was not filled?

MR. PLANCHE: I'd have to have that question again.

MR. NOTLEY: Mr. Speaker, perhaps one of the hon. ministers or the Premier could advise the Assembly whether there was any discussion about the reason for not filling the position that was advertised. A short list was developed. One presumes that when advertising occurs and a short list is developed, an appointment is made. Did one have any bearing on the other, in view of the fact that we're talking about the executive director of industry development and the director of industrial promotion?

MR. PLANCHE: Mr. Speaker, the position of executive director of industry development requires certain skills that aren't always available, even off a short list. As I remember it, that position is not yet filled. If Mr. McMillan shows the capacity to fill it, he will certainly be well considered.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. I am given to understand that the acting executive director of industry development is the senior director of fabrication — I'm not sure if there's any connection there or not. The hon. minister has indicated that Mr. McMillan would be considered for this new job, in a salary range \$10,000 higher. Will the minister assure the House that there will be no appointment to the executive director of industry development outside the competition process?

MR. PLANCHE: No, Mr. Speaker, I won't give that assurance at all. In addition, the acting director is approaching retirement age, and it was thought that in view of a variety of circumstances, he might not necessarily want the pressures involved with the permanent appointment. But I certainly would not give that assurance.

MR. NOTLEY: Mr. Speaker, a supplementary question. During the course of any of these informal chats, have the hon. minister, the hon. Premier, or the hon. Minister responsible for Personnel Administration discussed with Mr. McMillan the possibility that that gentleman might be promoted to this other position at a significantly higher salary range?

MR. PLANCHE: No, Mr. Speaker. I know of no conversation that indicated that would necessarily follow at all, nor was there an intimation that it would follow. It is important to remember that the deputy minister of a department is responsible for the activities within that department. We don't superimpose our will on him, because it's necessary that he respond properly when he's asked to do something.

MR. NOTLEY: Mr. Speaker, a supplementary question. Bearing in mind that stricture, why is the minister not giving the Legislature the assurance that this position, which has always been open to competition and where a competition has in fact been held, would not be chosen as a result of open competition?

MR. PLANCHE: Mr. Speaker, I didn't say that it would or would not. I just said I wouldn't give the assurance that it necessarily followed that an open competition would be held. The responsibilities require specific talents. If they are available in a way that doesn't necessit-

ate an open competition, then that's the choice that will be made.

MR. LOUGHEED: Mr. Speaker, I might just supplement the question, so there's no misunderstanding. Whether or not we have an open competition is a decision that we make with regard to senior management. There have been many experiences in the past number of years where we've decided to retain a person in a senior management position on a contract basis and selected him or her specifically to do a particular job at a particular time. We will continue to do that as a matter of public policy.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the Minister of Economic Development be a little more precise as to why, after the competition was held and a short list was prepared, no one was appointed? Is the minister saying that the only reason no one was appointed was because the people on the short list did not have abilities the government considered appropriate? Was there a discussion between the minister and appropriate officials concerning that issue? Or was there any other reason that after this process was undertaken, no one was appointed?

MR. PLANCHE: Mr. Speaker, I don't remember any precise discussion on that issue. We have several vacancies in the department and continue to have at all times. We have competitions in an ongoing way. The deputy minister makes decisions from short lists, sometimes to hire and sometimes not to hire. Those are not matters that necessarily come to my desk at all.

MR. SCHMID: Mr. Speaker, once again I would like to supplement this answer. First of all, we have to admit that it's most important for Alberta — especially regarding the keen interest the hon. Leader of the Opposition has in diversification — to interest and promote other companies to come to Canada, specifically Alberta, through the industrial development promotion project. Therefore, I think a redirection of that specific division will be of great importance. To have the right person for that is of the highest priority, especially to Albertans, at this time of our economic development.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Economic Development. In view of the leisurely or very careful pace with respect to the appointment of a new executive director of industry development, what was the rush in the appointment of a director of industrial promotion, that we had to go the contract route rather than the normal competition route?

MR. PLANCHE: Mr. Speaker, it's not unusual to have contract hirings for people in slots in a department. As I said before, there are slots available that are not filled throughout the organizational structure, certainly of the department I'm responsible for. If an ideal candidate comes along, a decision is made, and that's the end of it.

MR. SCHMID: Again, Mr. Speaker, I would like to supplement the answer. I can give another example. Right now Canada is involved in offset programs, where other countries have to buy from Canada because of purchases made by Canada in other countries. We had a big delegation here from Europe trying to purchase certain manufactured goods in Alberta and trying to set up

joint ventures. We did not have the personnel or the capacity to fully accomplish what we wanted. Therefore it is important to have someone with such capacity of salesmanship as Mr. McMillan in our department as fast as possible, at least to fill the serious gap that we've had up until now.

MR. NOTLEY: Mr. Speaker, I'd like to direct my second question to the hon. Premier. It concerns employment creation. At a time when we've got 136,000 politically not very well connected people walking the street looking for work, can the Premier advise the Assembly as to his involvement in the decision to appoint one Mr. George de Rappard as co-ordinator for the 1988 Olympic games — a former executive director of the Tory party and the 1982 campaign manager of the Tory party, again a person who would be well beloved by members of this Assembly? [interjections]

MR. LOUGHEED: Mr. Speaker, I am sure the hon. Leader of the Opposition even has trouble speaking that name, because I know the anxiety Mr. de Rappard has caused the Leader of the Opposition over the years. [interjections] However, I would say yes, I was involved. I personally made the recommendation. I can't think of a citizen who has a greater ability to mix together three very important elements: an ability to work with the volunteers, an ability to work with an organized structure, and an ability to work with various levels of government.

DR. BUCK: And have the right-colored card.

MR. LOUGHEED: Oh, of course. There may be occasions, Mr. Speaker — and they're becoming more infrequent — when we can find people in other parties, but we're trying. [interjections]

MR. NOTLEY: With respect to Mr. de Rappard, Mr. Speaker, could the Premier advise the Assembly whether, during his chats with the Minister responsible for Personnel Services or the Minister of Recreation and Parks, there was any discussion that this gentleman's abilities were so great that it was unnecessary to have a competition for this position?

MR. LOUGHEED: Very clearly, Mr. Speaker, it would seem me that in the case of that particular responsibility, it would not be even conceived that a competition was something we would enter into. It's a very specialized responsibility, not one that we would normally consider by way of competition; clearly, it would be one by contract.

MR. NOTLEY: Mr. Speaker, a supplementary question. Specifically with respect to the question I asked, could the Premier advise the Assembly if he instructed the appropriate minister to proceed with the appointment, or was this a decision made by the Minister of Recreation and Parks?

MR. LOUGHEED: Mr. Speaker, it was one of those few things that do happen just that way. There were three individuals involved who discussed the particular position. All three of them came immediately to one individual, and Mr. George de Rappard was appointed. The three people involved were myself, the Minister of Recre-

ation and Parks, and the deputy minister — all three at the same time.

MR. NOTLEY: Mr. Speaker, a supplementary question. Did the Premier, minister, and deputy minister consider any other prominent Albertans, including perhaps other Conservative campaigners who haven't as yet got a job with this government?

MR. LOUGHEED: Mr. Speaker, it was pretty obvious to us that we had an ideal candidate in Mr. de Rappard. We didn't have a very long discussion.

DR. BUCK: Mr. Speaker, I also have a question to the Premier. Can the Premier indicate what competition and advertising was held before the chairman of the Alberta Liquor Control Board was appointed, with a salary of approximately \$75,000? Can the Premier indicate what competition was held to fill that position?

MR. LOUGHEED: Mr. Speaker, that goes back quite some time. I don't believe there was a competition in that case. I believe an appointment was made, but I don't have a recollection. If the hon. member could advise me as to the approximate date of that appointment . . .

DR. BUCK: If the Premier would just jog his memory a little, I think he'd probably remember when it was. [interjections] But that doesn't matter. I think we all know the appointment was made.

Mr. Speaker, a supplementary. Can the hon. Premier indicate what competition was held and what invitations were made for awarding the position of chairman of the Alberta Heritage Foundation for Medical Research to a former PC executive, a good friend of all of us, Mr. Eric Geddes?

MR. LOUGHEED: Mr. Speaker, I don't know when I've enjoyed a question period so much. [interjections] The hon. member is asking about our appointment of the chairman of the medical research foundation of Alberta some years ago, in which we selected a gentleman who, among other activities — including activities with a certain political party — also was chairman of the board of governors of the University of Alberta and has a distinguished career with the community. Quite clearly, there isn't even the contemplation of a competition in that nature. Those are appointments that are made by the provincial government and will continue to be made. If he has another list, my memory is reasonably good on this subject. I'd be delighted to spend a full hour on the matter.

DR. BUCK: Mr. Speaker, we may afford the Premier that opportunity.

I have a supplementary question. Could the Premier indicate what competition was held to fill the position of executive director of the northern development branch, Tourism and Small Business? What public advertising was there for this competition, which has been filled by the former PC candidate for Clover Bar, Mr. Murray Finnerty?

MR. MARTIN: He was one of the few to lose.

MR. LOUGHEED: Mr. Speaker, it's interesting that the hon. member is wanting to retrace the steps over a number of years of appointments. But for this one,

perhaps I'll resist my enjoyment of the question period and refer it to the Minister of Tourism and Small Business.

MR. ADAIR: Mr. Speaker, you have to recognize that that was before my responsibilities for northern development. But I might take the opportunity to say that we have a person in that position who is probably one of the best-suited to recognize the problems and concerns of residents of the northern part of the province. As the minister now responsible for the director, Mr. Murray Finnerty, who happens to live in Peace River in my constituency, and I would hope is still supporting . . .

MR. MARTIN: Who does he vote for?

MR. ADAIR: I haven't any doubt who he may be voting for. [interjections]

I will check as to the time he was appointed; I haven't got that date.

DR. BUCK: Mr. Speaker, a supplementary question on the appointment of Mr. Finnerty, the gentleman who ran as the candidate in the Clover Bar constituency. Is the Premier in a position to indicate why a person would want a job at \$21,000 and \$7,000 expenses, as opposed to a job that now pays \$60,000? [interjections]

MR. LOUGHEED: I don't think that needs an answer.

AN HON. MEMBER: You should have applied, Walt.

DR. BUCK: Mr. Speaker, can the Premier indicate what competition was held for the appointment of the trustee for the Alberta Heritage Foundation for Medical Research? Was this position advertised? It was filled by the former energy minister, Mr. Dickie.

MR. LOUGHEED: I don't think there's any doubt about it. There was no public advertising and competition. That has been the case and the practice since we've been in office since '71. We appoint those Albertans — whether or not they've been involved politically, as I've mentioned — who we think will best do the job. In terms of the trustees who were appointed for the medical research foundation, they're all distinguished Albertans.

I know it must really be difficult for the members of the opposition in a situation like this. But we feel very strongly that as a result of these people who are involved in the province of Alberta — we're delighted that they're actively supporting our party and at the same time distinguished citizens of the province. So keep it up, gentlemen.

MR. NOTLEY: Just like the bureaucrats in Ottawa.

DR. BUCK: Mr. Speaker, I have a final supplementary question. In light of the fact that we've had these appointments — and there are others, like former ministers Helen Hunley and Don Getty — is the Premier in a position to indicate that we do not need a Senate in the province, which is the equivalent of a place for people to retire, as we have in the federal House? Is the Premier in a position to indicate if he's not going to recommend that we have a Senate in this province, so we don't have to retire these people to the Senate?

MR. LOUGHEED: Mr. Speaker, we have been giving very serious consideration to the merits of a Senate,

because I was trying to find a place in due course for the hon. Member for Clover Bar. [interjections]

DR. BUCK: Mr. Speaker, I'd just like to indicate that the Premier has been trying to retire me, but it hasn't worked.

MR. STROMBERG: Mr. Speaker, a supplementary to either the Premier or the ministers involved. I was wondering what competitions were open for the appointment of Mr. Manning to look at selling PWA; the appointment by the Minister of the Environment of Mr. Robert Clark, the former leader of the Socred party; or perhaps even the appointment of several members of the opposition who sat in this Legislature? I think of Judge Ludwig now. Was that by competition?

MR. LOUGHEED: Mr. Speaker, I have a longer list than the hon. member, but that will do. [interjections]

MR. DEPUTY SPEAKER: I believe the hon. Premier wished to respond to a question asked previously in the House.

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MR. LOUGHEED: Yes, I do, and it fits very well into our discussion. I just hope I get a supplementary.

Mr. Speaker, on May 10 I was asked a supplementary question by the Leader of the Opposition.

Since the Premier and the Minister of Tourism and Small Business were approached and the Minister of Economic Development was at a meeting with Mr. Foster, is the Premier in a position to advise the Assembly whether any other members of Executive Council were approached by Mr. Foster in any capacity, with respect to the Ram Steel proposal?

I answered that I didn't know and I'd have to check. I've checked and no other members of Executive Council, in addition to the Minister of Economic Development, the Minister of Tourism and Small Business, and myself, met with Mr. Foster relative to Ram Steel.

I welcome supplementaries.

Government Appointments (continued)

MR. MARTIN: Seeing the Premier is having so much fun, and we are, let's continue. I'd like to direct the question to the Premier who, I take it, is the minister of international affairs. An area we're interested in is the agents general. Can the Premier advise if a publicly advertised competition was held before the former Industry and Commerce minister, Mr. Fred Peacock, was appointed Agent General for the Asia-Pacific region?

MR. LOUGHEED: No, Mr. Speaker. To assist and facilitate the hon. Member for Edmonton Norwood in his attempt to put together questions, I'd also add that no such competition was made with regard to the agents general in New York or London either.

MR. MARTIN: A supplementary question. I do appreciate the help from the Premier; it's rather touching. Other than the fact that peacocks originate in Asia and Mr. Peacock was a former Conservative cabinet minister, what else qualified Mr. Peacock for that position?

MR. PLANCHE: He was a businessman, Ray. [interjections]

MR. LOUGHEED: Mr. Speaker, it is difficult for the hon. members for Edmonton Norwood and Spirit River-Fairview to appreciate the fact that Mr. Peacock did have some considerable business experience, as well as experience in government.

MR. MARTIN: I'm sure a lot of businessmen in Alberta would like that position.

I'd like to direct one question to the Minister of Federal and Intergovernmental Affairs. I know he's bored over there.

MR. DEPUTY SPEAKER: Would this be a supplementary question?

MR. MARTIN: Yes, it is.

MR. MARTIN: Could the Minister of Federal and Intergovernmental Affairs summarize the duties of the former executive assistant to the Minister of Energy and Natural Resources, Mr. Brent Harding, who is now director of United States affairs? I also ask the minister: has President Reagan been informed that Mr. Harding is now directing U.S. affairs? [interjections]

MR. HORSMAN: Mr. Speaker, obviously Mr. Harding is assisting the Agent General in New York in a very effective way. His duties involve keeping the government of Alberta well informed as to legislative activities undertaken in the United States, both by the administration of the United States and, furthermore, relative to legislation introduced in both houses of the Congress of the United States. He also regularly attends and monitors hearings held in Washington.

In particular, he has been very useful in providing this government information relative to the natural gas regulation hearings that have been held of recent date; also to analyse for the government and provide to us on a regular basis reports relative to the meanings attributed to various pieces of legislation. It's also part of his responsibility to provide a summary, from time to time, of news commentary relative to relationships between Canada and the United States, with particular reference to the natural gas industry, which is of great importance to the province of Alberta.

That's a very brief summary, but I can assure all hon. members of the Assembly that Mr. Harding is carrying out his responsibilities in an exemplary manner.

MR. MARTIN: A supplementary question. Could the Minister of Federal and Intergovernmental Affairs explain the difference in duties between Mr. Harding, who is the director of United States affairs, and the former manager of the Premier's office in Calgary, Mr. James Seymour? I believe his title is Agent General for the United States.

MR. HORSMAN: Very briefly, Mr. Seymour is the Agent General and Mr. Harding is the director of United States affairs within the office in New York. And I think it's fair to say that Mr. Seymour is Mr. Harding's superior.

MR. MARTIN: I have one final supplementary, Mr. Speaker. I direct it to the Premier, because he's having

such a good time. I'll ask him about one more prominent Conservative. He's answered that there was no [competition] for Mr. James McKibben, who was appointed Agent General for the United Kingdom and Europe, a pretty impressive title. Was Mr. McKibben's service for the Progressive Conservative Party the most important factor leading to his appointment?

MR. LOUGHEED: Mr. Speaker, certainly we were well acquainted with Mr. McKibben. But we were also well aware of the high degree and high reputation he held within the financial community in southern Alberta in his many years as senior representative of National Trust Co. in Calgary.

MR. NOTLEY: Mr. Speaker, I'd like to pose one additional question, if I may, to the hon. Premier. It's with respect to these various nationally publicized supplicants who are coming to chat with the Premier, with respect to their federal ambitions. In the interests of Canadian public policy, is the Premier telling these people that perhaps the federal opposition ought to reassess its nasty, partisan pouncing on the government of Canada for patronage appointments, in view of the strong defence of patronage by the Premier in the Alberta Assembly?

MR. LOUGHEED: Mr. Speaker, my difficulty is that very briefly, and only for a few short minutes, I was concerned about events that might occur to the west. I've seen what events have occurred to the east, so I'm having difficulty coming up with a rebuttal of governments that represent the hon. member's party, because they're so few in number. As a result of that, I'm trying to show that there is a balance in terms of decision-making involved. We've taken an overall policy view which we will continue to take and which I've described on a number of occasions during the course of this delightful question period.

MR. NOTLEY: Mr. Speaker, a supplementary question. The Premier didn't answer my question. During the chats with the people in his own party, did any discussion occur, or was any consideration given to, over the actions of the federal opposition leader raising the issue of patronage in the House of Commons? Has any advice been given by the hon. Premier to his party confreres who are seeking the federal leadership, that they might follow the Alberta approach should they form a government in Canada?

MR. LOUGHEED: Mr. Speaker, I obviously don't want to breach confidences that are involved. But I cannot resist this opportunity to say that in the course of our discussions, we pressed the leadership candidates in the hope that if they're elected leader and, in due course, prime minister, they will root out those people who are presently within the public service of Canada making decisions along the lines of the Ed Clarks of this world, who promoted the national energy program and was well trained in the philosophy the hon. member is very familiar with in his experience in Tanzania. Yes, we did suggest to them that it was important that they try to clean house in Ottawa if they are elected. [interjections]

MR. NOTLEY: I'm sure the press in Canada would be delighted to hear this new definition of public service views for Canada on the part of the government of Alberta.

My question is to the Premier or the minister. Since we have this nice, informal approach of hiring people on contract, is it the intention of the government of Alberta to massively overhaul the Public Service Act, particularly with respect to section 15, which seems to be virtually irrelevant in terms of government practice? That's where there has to be a process of competition or the arguments overwhelmingly to the contrary as to why competition isn't occurring.

MR. STEVENS: Mr. Speaker, it has been an enjoyable question period. If I might indicate, there is a tone coming from the small cubbyhole there, that somehow the people of Alberta will receive some form of lesser service or some form of distorted service. Rather, what I would like to suggest is this: in this province, the government of Alberta appoints citizens to its various positions through a number of processes. The processes involve competition by and far in the main. That competition process can be exempted for a number of reasons. Today we've discussed those reasons, such as the availability of people who have specialized knowledge or the urgency of the nature of the appointment. In addition, there are ways of appointing people with special attributes and skills who are suddenly available; special jobs in which you can link a person with that job are then available. We're talking about about 130 contract appointments, people of all walks of life, backgrounds, and technical skills, who are performing valuable service for the people of Alberta.

I might add that our colleagues across this country have indicated at premiers' conferences and at first ministers' conferences that our personnel, officials, contract appointments, and executive assistants stand second to none. They are the best in Canada. We're very proud of that, and all of our processes will continue. [interjections]

MR. MARTIN: Well, I'm sure all the members will pound at the right time.

AN HON. MEMBER: At least we have something to pound about.

MR. MARTIN: I have one final supplementary, if I could, to the Premier. In light of the close relationship between the government and the Alberta Energy Company, and given the fact that a recent minister of the Crown, Mr. Merv Leitch, was appointed to the board of Chieftain Oil, which is linked to the AEC, can the Premier advise whether the government will soon bring in conflict-of-interest guidelines similar to what the federal government has, that the Conservative opposition has been going after? It states: appointment to a board of directors of a commercial corporation which as a matter of course was in special relationship with the department or agency for which they were responsible.

Would the Premier advise whether they're looking at this sort of conflict of interest?

MR. LOUGHEED: Mr. Speaker, that was the supplementary I have been hoping for. [interjection] I'm pleased the hon. member didn't.

First of all, I refer him to my answer on that specific point on April 6, 1982, page 528 of *Hansard*. The answer is no; we think that's wrong. We think it is important, first of all, to attract people who have had private-sector experience to come for a short period of time and be involved in this Legislature, and we think the Legislature

benefits by that. We believe that the Legislature does not benefit if we develop a system where those people who are involved are only professional politicians. Although there's a role for them, it should not be a dominant role, those who want to spend their life involved. As a result of that, and having regard to the significant personal sacrifices that are involved in serving and leaving a business career, we believe it is important that when they leave the public service of this province, they be respected for the service and sacrifice they have made and no untoward limitations be put on their after-activity.

I believe that for a number of reasons. First of all, the innuendoes that are presented by the hon. member, his colleague, and others, imply that somehow or other those people who are involved here in public trust are going to make different decisions because of this relationship. That is not so. The only position or restriction we will take, and have taken, as I mentioned on April 6, is that no preference or priority can be given to any former minister. But we will welcome their representations.

What I particularly want to point out today in this question is an event, Mr. Speaker. A few weeks ago, I called a former minister of this government and asked him to visit with me. I asked him for representations. He was a former minister of energy. I asked him for representations with regard to a development drilling incentive system. I asked for those representations and he responded, and it's reflected in what has occurred today.

To show the absolute ridiculousness of the position proposed by the hon. Member for Edmonton Norwood, his colleague, and others, it is clear that there is no difference between my asking for that representation or receiving it. The people of this province benefit by the system we have, and as long as we're in government we will continue to do it on this basis and respect the integrity of people who have served this government well. [interjections]

MR. DEPUTY SPEAKER: The hon. Member for Edmonton Norwood has stated he's asked his final supplementary. The hon. Member for Drayton Valley wishes to ask . . .

MR. MARTIN: On a point of order. The speech from the Premier didn't answer the question. Surely I should be able to come back with a supplementary. [interjections]

MR. DEPUTY SPEAKER: Perhaps if there is still time after we hear from the Member for Drayton Valley, they can ask another question.

MR. LOUGHEED: Mr. Speaker, on a point of order. He may have to check his hearing. I gave a very definite answer: no, because.

MR. MARTIN: That was a speech.

MR. DEPUTY SPEAKER: Order please.

Drilling Incentive Programs

MRS. CRIPPS: Mr. Speaker, I know the opposition would rather dwell in the pasture than look at the future, but we have a very important ministerial statement here today.

To the Minister of Energy and Natural Resources:

what oil well service activity does the minister expect to be created by his announcement today?

MR. ZAOZIRNY: Mr. Speaker, I simply say to the hon. member that the highly successful results of the '82 program auger well for this program being equally effective. With some of the improvements that have been brought into the program, we believe it will have an even more beneficial effect on the well-servicing part of the industry than the 1982 program.

MRS. CRIPPS: A supplementary. Does the minister have any figures on the activity presently taking place in Alberta?

MR. ZAOZIRNY: Mr. Speaker, of course we're presently involved in the spring break-up, and the industry will be moving into the summer and fall drilling program after that. That's why we felt it was of so much importance to bring the program forward now, to afford industry some opportunity to make their plans and move ahead with the summer and fall drilling activity.

ORDERS OF THE DAY

MR. DEPUTY SPEAKER: Would the Assembly agree that we might return to Introduction of Special Guests in order that the Member for Barrhead may make an introduction?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. KOWALSKI: Thank you, Mr. Speaker. It's my pleasure today to introduce to you and to all Members of the Legislative Assembly a group of 32 students from Rich Valley school. Rich Valley is located about 55 miles northwest of where we are today. It's a highly productive agricultural area, peopled by citizens of a variety of cultural backgrounds. It's also located on the soon-to-be world famous Grizzly Trail. As well, it's also the birthplace of a distinguished member of this Assembly, the Member for Stony Plain. Mr. Speaker, I know they came here today hoping to see the Premier in good form, and they did.

I introduce Mrs. Debbie Behringer, the group leader and teacher. The group is also accompanied by bus driver Muzzy Gingras and by parents Iene Oselies, Elfrieda Lehtiniemi, Anne Allen, Carol Dezaeyer, and Marilyn Stoby. Could I ask them to rise and receive the warm greetings of the Assembly.

head: COMMITTEE OF SUPPLY

[Mr. Purdy in the Chair]

MR. DEPUTY CHAIRMAN: Will the Committee of Supply please come to order.

Department of Manpower

MR. DEPUTY CHAIRMAN: When we concluded on

Wednesday, I believe the Minister of Manpower was making some remarks.

MR. ISLEY: Mr. Chairman, when we concluded on Wednesday, I had just started to respond briefly to the hon. Member for Little Bow and the hon. Member for Edmonton Norwood. I would like to complete a brief response, then await other questions, if there are any.

I'm disappointed that the hon. Member for Little Bow is not in his place in the House this morning. I think a review of *Hansard* will show that last Wednesday he made a statement to this effect:

The promises made by the Premier and cabinet ministers that were broken and never fulfilled certainly should have led to a defeat in that constituency.

He was referring to the Bonnyville constituency. You may recall that I asked him to substantiate that statement, plus some others. *Hansard* would show that he failed to do so. I suggest that upon his return to the House, the hon. member should definitely retract that statement.

I would now like to respond very briefly to the hon. Member for Edmonton Norwood. As I recall, he made quite a speech on Wednesday. I point out to him that he's coming from a very different philosophical base than I am with respect to unemployment, the role the private sector plays, et cetera. However, he made about three points that I believe deserve a response. He stated, "a total lack of economic diversification in this province". I suggest the hon. member do a little homework, look at the cross section of industries that provide employment opportunities in this province, look at the great variety of occupational groups, then maybe recognize and realize the type of economic diversification that is going on and that he apparently hasn't taken an assessment of at this point in time.

I think the hon. Member for Edmonton Norwood also alluded that this government is doing nothing to create job opportunities through public works in the province of Alberta. I suggest that he go back and review the budget speech. I suggest that he review my response to an earlier question of his in this House, when I outlined the impact on the work force of a \$1.9 billion capital projects program in the 1983-84 budget year.

The last point I'd like to respond to briefly is a question he raised with respect to the hidden unemployment and his question as to the level of hidden unemployment in the province of Alberta. I share with the hon. member some concern for the accuracy of the stats on the labor force produced by Stats Canada. But if you look at the fact that the participation rate in the province of Alberta is 70 per cent, by far the highest participation rate in Canada, that leads one to conclude that the problem of hidden unemployment is not developing to any significant extent. If the hon. member could show evidence of that participation rate declining, then we could assume that people are giving up trying to find jobs.

I think the hon. member might be better advised to think positively about the employment situation in this province. I suggest that a person in Alberta has a 70 per cent chance of being in the labor force. That is by far the highest in this country. Once you're in the labor force, you have a 90 per cent chance of finding employment in this province, which is the third highest of any province in Canada.

Personally, I think some positives have been generating in our work force as a result of our economic downturn. I think we're seeing a pride in work coming back. I think

we're seeing a move back to the work ethic. We're seeing people taking their jobs very seriously, doing them very well, and I think that leads to productivity. In the month of April, we also saw 10,000 new employment opportunities in this province; in the month of March, 4,000 new employment opportunities. That may be the beginning of a trend. I'm not suggesting it is, but it's certainly a positive move.

With that, Mr. Chairman, I await any further comments.

MR. MARTIN: Believe it or not I was going to be silent, but I just have to respond to the hon. Minister of Manpower. I appreciate his remarks.

The first thing I say is that I will be positive. I want to be very, very positive to the minister. He said something about a 70 per cent chance. Let's be positive: I want a 98 per cent chance of being employed, because that's full employment. I'm not going to go through the same speech again, but I say to the hon. minister that it's not just figures we're dealing with; we're dealing with real people's lives out there. When I go around my riding — which, admittedly, may be poorer than some of the other members' ridings — and see what it's doing to people, single people and working poor, people who are unemployed and have given up, it's a serious problem. We can make light of it and say that we'll wait for the private sector, but I'm telling you — and I said it to the Premier last night — that that was the same logic we heard in the '30s, absolutely the same. In fact, if I took the *Hansards* from the Legislature and put them to Liberal and Conservative politicians of the day, they'd be almost interchangeable. We've heard it all before. That's not to say that any one group of people has all the ideas, but it's a shift in what we consider important.

You're right that we're coming at it with a philosophical difference. There's absolutely no doubt about that, Mr. Chairman. To me, unemployment is the worst thing that can happen to people, and I think we should do anything possible to keep people working and not wait around for the private sector. As I mentioned yesterday, the private sector are very shrewd people. They're not going to invest money when they're not going to make money. If you look at the indications of what's happening in Alberta, it's going to be at least a year, at a minimum, before they're going to invest. Are we saying that we're just going to sit with this high unemployment and do nothing as a government? That seems to be the answer.

If the minister wants some figures — he accuses us of not looking at them. Let's look at a group the government brought in because they knew they would be sympathetic to Bill 44. Look at what the Canadian Federation of Independent Business says, from 14,171 responses to a questionnaire they sent to their members:

... the number of Alberta companies imposing restraints, reducing salaries and laying off workers is considerably higher than the national average.

The most telling statistic may be that "13.3 per of Alberta employers plan to employ fewer workers in 1983". That's the small business sector, and I think we would all agree that they're the main employers, well over 50 per cent of the people who employ people in this province. They're saying that they're going to cut back. How is the private sector possibly going to take up the slack the minister keeps talking about, when the private sector is talking about cutting back?

Mr. Chairman, if we look at "Alberta bankruptcies soar", we're high above the average for personal and

company bankruptcies in this province right now. How is that going to create employment? In terms of what's happening, the other thing to look at is the recent talk about Calgarians losing their jobs. It says:

The latest national survey of Manpower Temporary Services shows 18 per cent of Calgary employers expect to cut their staff even further over the next three months, and virtually nobody here expects to hire more people.

The point we are trying to make to people is that this is what the private sector is saying they're going to do next year. The government sits back and says, oh well, we're going to wait for the private sector. The way they're talking, unemployment is obviously going to go up. It's not good enough for a government to sit and say, well, people just have to suffer. I've gone into what happens to people who are unemployed. I think the minister should take that into consideration and start doing something about it. I know it's not just him; I know he has to go through Executive Council and the rest of the cabinet ministers. But surely this government had better come to some reality about what's happening out there and look at what the private sector is saying, rather than saying that the private sector is going to pull us out. They're saying that at this particular time they can't.

The figures the minister uses about hidden unemployment are rather interesting, because it's not only Statistics Canada — I guess that's an eastern plot too. There is clearly hidden unemployment. As the minister well knows, Mr. Chairman, it's impossible to entirely predict what that is. But there is a significant group of people out there that have just given up; they don't even bother registering. So the official figure of 13.2 per cent here in Edmonton — which, I point out, is above the national average — is much higher.

There are people looking into it. Statistics Canada and other private groups, too, talk about the jobless rate. Let me just point this out from the *Toronto Globe and Mail*, and I hope that is not an eastern plot too. They're talking about Canadians, but it would be true of Alberta.

... the real unemployment rate is now closer to 29 per cent, if the jobless total includes categories such as discouraged people who are no longer looking for work, underemployed people and the employable category among welfare recipients, said Frank Feather, president of Global Futures Network of Toronto.

That's not Statistic Canada; it's a private forecasting outfit. If that's true in Canada generally, it's certainly true in Alberta. There is a significant group of hidden unemployed here, and I know the minister knows that.

The point I was trying to make in my speech before, and it's coming up again, is that it's the most serious problem this province is facing. When you look at every indicator from small business — the people that hire people — and they say they can't afford to do it, then government has to take more responsibility than sitting on their hands and putting out \$200 million for welfare and nothing for job creation. If you ask me, that's not the mark of a government in tune with what's happening out in the real world.

Thank you, Mr. Chairman.

MR. PAPROSKI: Mr. Chairman, first of all I'd like to congratulate the Minister of Manpower on his appointment. I haven't had the opportunity to officially do this in the House. I wish him well in his new portfolio.

How unfortunate, Mr. Chairman, that we have to lis-

ten to all the negative, the gloom and doom, by the opposition across the floor. How fast this opposition has forgotten the mass migration of people to this province, which contributed so much to our unemployment figures. How fast the opposition covers such tremendous programs as STEP and NEED, that contributed to many, many people being employed. The socialists don't even mention the fact that last month alone, some 10,000 new jobs were obtained by people in this province. And of course they don't even mention the extent of the public works program that has contributed to employment as well. We are in a new era in this province, a new era that, with slow growth, will result in more and more employment. We are all encouraged by the signs.

Mr. Chairman, I have a number of specific questions I'd like to leave with the minister. First of all, I'd like to ask him about sheltered industry and sheltered workshops in this province. I know this area does not fall entirely under his umbrella; however, I wonder if the minister has had the opportunity to consult with the Minister of Social Services and Community Health with respect to this needed area of sheltered industry and sheltered workshops, and an expansion of same.

The second question I would like to ask deals with the need for our government to attempt to involve more women in apprenticeship careers. When one looks at statistics as of January or February when there were only 750 women of a population of 28,000 apprentices, I think something should be done. I ask the minister if he has contemplated a publicity campaign, for example, to try to involve more women in these tremendous careers.

A third area I'd like the minister to allude to is the hire-a-student program. Although the last time he spoke, the minister indicated that our government was not directly involved in job placement, I am aware of the extensive financial commitment by this government to hire-a-student throughout the province and that indeed thousands of students are placed annually. I wonder if there is going to be any extension of hire-a-student, possibly on an annual basis.

The last question deals with new approaches to the work place and the work force that are occurring now and will continue into the 21st century, such terms as more part-time work, job sharing, flex-time and, with the new technology such as computers and word processors, even having people work out of their homes. I just wonder if the minister could comment if there are any plans to look at these areas more fully.

Thank you.

MR. NOTLEY: Mr. Chairman, I'd like to enter this debate for a few moments today. No one is arguing that there aren't some advantages in certain of the programs which have been announced over the 12 years I've been a member of this House. One of the responsibilities of members is to stay abreast of the various programs that can be made available, both federally and provincially. As I travel through the province, I note that there are many projects in place today because of federal or provincial programs, make-work programs on a short-term basis. No one would argue that there isn't a good deal of merit in STEP. I'm sure many members of the Legislature, in one way or another — through programs for research or what have you, if not directly taking advantage of it through their local municipalities or local levels of government — are seeing that program in place in their constituency.

The burden of the argument my colleague put forward

today is that it's not just a question of these short-term programs; it's the larger issue of how we deal with massive unemployment. The Member for Edmonton Kingsway can say that the opposition doesn't take into account that there was all kinds of in-migration. The fact of the matter is that this country is a nation where there can be mobility. We have people here from all over the rest of Canada. They came here with expectations of growth and jobs, in the private sector as well as the public sector. We now find that we have extremely high unemployment. There can be no side-stepping the issue that in numerical terms, we have the largest number of unemployed people in the history of the province.

Mr. Chairman, we can debate and argue over how to quantify the economic loss of unemployment, though without getting into all kinds of statistics, I don't think there's much doubt that members on both sides of the House would agree that unemployment costs money. It means added welfare costs. It means the direct loss of purchasing power from the hands of people who will go out, largely in their own communities, and buy goods and services. So it has the effect of reducing consumer demand. Any time you reduce consumer demand, you create a cumulative impact which gradually causes the economy to wither, and the problems get worse.

Mr. Chairman, I know that I represent a different political philosophy from the members of this government. The fact of the matter is that on this issue of unemployment, it seems to me that an intelligent approach to planning is not to climb into a doctrinaire corner on either side, not to simply stand back and say it's up to the private sector and there's very little we can do about it. No one is suggesting that the public sector is going to be a panacea that will solve all the problems. As in most things in the real world, the truth involves blending together a rational program of public and private planning, so we can expand employment.

Mr. Chairman, I look at some of the statements that have been made in the last three or four years by economists who've been recommending support for Mr. Reagan's policy or Mrs. Thatcher's policy in Great Britain. As I see the impact that has had on the entire western economic structure where we've had an increase in unemployment, I simply say that we have to stop and take a look at the kinds of policies that are being promoted by right-wing parties throughout the western world.

I don't want to be overly philosophical, Mr. Chairman, but it's important to put this in some sort of context. If one has had the opportunity to read the Schlesinger biographies on Franklin Roosevelt — the first volume was called [Crisis] of the Old Order — what's significant in that very well documented history of the period of 1928, '29, '30, '31, '32, and '33, is the argument which so parallels the views being expressed today by those who simply say we've got to cut back; we've got to fight inflation at the expense of creating jobs.

Mr. Chairman, I remind members of the committee that the New Deal in the United States did not solve all the problems, but it did a great deal to gradually reduce the hardship, as a result of increasing purchasing power by massive, publicly-funded, job-creation projects, some of which are the major reasons the United States enjoyed prosperity in the '40s and '50s especially. For example, Mr. Chairman, when one thinks of the impact of the Tennessee Valley Authority, there was just no doubt that this kind of public intervention was critically important as the United States began to move back to economic

recovery. If you read your history, you should surely know what the TVA is; it's a series of dams.

The point I think that needs to be stressed and that my colleague and I have attempted to raise during committee study is that now is the time for this government to consider the reasonable expansion of capital projects to bridge the investment gap. My colleague has already pointed out that the intention of the private sector at this stage is to reduce employment. Unless we want to see that 136,000 unemployment rate rise in the current year, we're going to have to consider the reasonable expansion of building facilities that we need, that are on the shelf, that are going to be useful — not make-work projects.

Not too long ago I had an opportunity to listen to a speech by Mayor Klein from the city of Calgary, in which he discussed the Glenmore reservoir in that city, which was built during the 1930s and created a good deal of employment during the depths of the Depression. He argued that the city of Calgary had projects which it wanted to pursue and which would create jobs.

It seems to me, Mr. Chairman, that now is the time for the Minister of Manpower and this government to say all right, three or four years ago we could not have significantly expanded our highway programs or other public projects of one kind or another. Most of us who were around at that time knew perfectly well, dealing with the department of highways officials in our own areas, that if you increased the budget it would simply have meant higher contracts. But that's not the situation today. Today we can get very competitive bids on major projects. Surely it makes sense for us to massively assault the problem of unemployment in this economy by building projects now which are going to be in the long-term interest of the people but at a price where we get full value for the public dollars we're investing.

Of course in time, like death and taxes I suppose, it's inevitable that if we wait long enough the system will shake itself out. Whether it's five years, 10 years — who knows how long? — we'll have a buoyant economy again. But that is not the time to get into a situation where your public dollars are chasing your private dollars. The time to expand your public-sector projects, Mr. Chairman, is when there is an investment gap that has led to a significant increase in unemployment. That's why we say that the various projects — many of them federally funded, some provincially funded, some both — however useful, are just a drop in the bucket compared to the size of the challenge that faces us as members of this committee.

I just want to conclude by saying to members that we can spend a lot of time discussing economic theories and options. We can have the minister stand up and say he's a great free enterpriser; it should be done by the private sector. We hear other people saying no, we've got to have total public investment. As I say, there has to be a blending of the two. But most important of all, the point my colleague made that needs to be underscored is that we are not dealing in isolation with statistics that mean nothing. We're dealing with the real lives of people who are adversely affected, who are facing real economic problems. We have young families all over this province, but especially in our two major cities, who call us. The wife or the husband has lost their job; they got into mortgage payments when the prices of real estate were sky-high; they're threatened with the loss of their home.

Why do you suppose we've got \$46 million in medicare premiums that haven't been collected? Because you have a large number of people who deliberately chose not to? Of course not, Mr. Chairman. It is because of the desper-

ation that exists in this province today as the result of higher unemployment. It's one of the inevitable side effects. I don't know where members in this House have been if they have not talked to constituents. Certainly, we've had representation from all over the province, from people who are worried about what the future holds. They find that their own personal finances are in a state of desperation because one or the other of the partners to a marriage has lost their job.

It seems to me, Mr. Chairman, that it's these social and human problems that members of this committee must reflect upon as we consider the estimates of the Department of Manpower. I realize we have a minister who is in charge of a program that I don't think is being given much emphasis by this government. I use the estimates of this minister's department to make a plea to the front bench to recognize that now is the time to expand our capital works projects. We actually have a reduction in the estimates this year. Yes, we are spending a lot of money in capital works, as the Member for Edmonton Kingsway says. But now is the time we should be expanding it, not reducing it. Now is the time our dollars go further. We have proposals — at least if the mayors are saying the same thing to the front bench that they're saying to us — of useful projects that would bring benefit to the various communities in this province. Let's not just sit back and continually say we're going to let the private sector be the engine of recovery and leave it at that, leave unanswered the personal problems of the many thousands of Albertans who are now looking for work and unfortunately don't have the political clout of former Tory organizers so they can get cushy jobs with this provincial government.

MR. MARTIN: Mr. Chairman, at the end of my speech the other day, I asked the minister a couple of questions; one referred to hidden unemployment. I think you better go back and check it out again. We know what's happening in this budget, but I asked the minister if he would make representation for the next budget that something be done for job creation, especially if every indication, as I've already pointed out, is that the economy will be as bad. Would he make a commitment to do it? I asked him if he would.

The other one which has begun to disturb me is, what is full employment? It's not from this minister; it seems to me we are getting a new definition from the federal Liberal government. You hear Mr. Lalonde and Mr. Axworthy now talking about 8 or 9 per cent being full employment and that we're going to have to adjust to this. When I asked the minister, he said 4 or 5 per cent. I think that's still a little high for full employment. Other countries in western Europe have 3 per cent, and they stay at that. I'm not blaming the minister, but I wonder if in his discussions with Mr. Axworthy, there has been discussion about what full employment is. Is this lead, this talk about a higher rate of unemployment being acceptable, coming from the federal government? I recall them saying something about 8 or 9 per cent. I wonder if he's had any discussions with his federal counterpart in that regard.

Thank you.

MR. DEPUTY CHAIRMAN: Would the minister like to respond?

MR. ISLEY: Mr. Chairman, I would very briefly like to clarify a couple of points and respond to a few that have

been raised. I don't think the hon. Member for Edmonton Norwood has yet grasped the meaning of participation rate. I did not indicate that people had a 70 per cent chance of finding work in this province — when he countered and said, I don't want a 70 per cent chance, I want a 98 per cent chance. I indicated that the participation rate in the work force — which means the number of people indicating a desire to work — as a ratio converted to a percentage, over the total population aged 15 and over, is in excess of 70 per cent in this province. That's why I suggested to the hon. member that the concern with respect to hidden unemployment is probably rather minimal at this point, unless he feels we're attempting to create a society where 100 per cent of the population over age 15 wish to be in the work force. I have already indicated that at a participation rate of 70 per cent, we are by far the leader in Canada. We are leading many of the other countries he refers to.

What is full employment? I don't think I responded in an earlier question by suggesting that it was 4 to 5 per cent. I responded by saying that many economists view 4 to 5 per cent unemployment as full employment. I prefer to use a definition not attached to a figure and suggest that the goal of full employment should be that anyone who desires to can work productively in our society.

A commitment to job creation: I have a little difficulty with this. This government has been responding to job creation, and we haven't been waiting for the next budget year. We've come out with a substantive program, participating with the federal government in the new employment expansion and development program; a substantive summer temporary employment program, and a new youth employment program. We didn't wait for next year to do it.

I'd like to make one other comment. Both the hon. Member for Edmonton Norwood and the hon. Member for Spirit River-Fairview are taking their input from the private sector and suggesting everything is going downhill and everything out there is negative. I have a little more confidence in the input I'm receiving directly from the private sector than what I'm receiving via the members of that party, and I'm not picking up the same negative vibrations.

In response to the specific questions raised by the hon. Member for Edmonton Kingsway, he was probably the only one that recognized the impact of in-migration on the Alberta work force. He probably realizes that since 1976, the work force in Alberta has been growing at twice the national average. He raised a concern with respect to the involvement of the Department of Manpower in sheltered workshops and sheltered industry, which he recognized were under the authority of my colleague the Minister of Social Services and Community Health. I will be following up on that concern with him in person.

He raised the concern with respect to the number of women in our apprenticeship program. I think it's very positive to see the increasing number of women in what used to be predominantly male-dominated trades. The number of women in the apprenticeship program has increased a little over threefold in the last two years. As I indicated, we now have women involved in all of what used to be thought of as male-dominated trades.

The hon. Member for Edmonton Kingsway mentioned the hire-a-student program. I probably misled the House a bit earlier when I suggested we weren't in job placement. We are in job placement for the student group, in co-operation with the federal government and local communities. The hire-a-student program is running in

virtually all major centres in this province and has been very successful.

I think the hon. Member for Spirit River-Fairview still fails to recognize the response I gave him in the House to the only question he's ever asked me in question period, when I outlined that this government, through various programs under the economic resurgence program, through direct job creation programs, and through its capital budget, will be creating well in excess of 45,000 man-years of work in 1983-84. I remind the hon. gentleman that I'm talking man-years, not jobs.

The rest of his speech was basically related to philosophy. I agree with him on one thing: I have deep concerns for the real people that are unemployed and facing problems. But the input I'm getting from those real people is that they don't want government to suddenly become their big brother and their master. Many of them just want the opportunity to compete in the work place and find a productive niche.

I am still very confident that the private sector is the engine that drives this economy, and with the responses I've indicated government has made and the incentives that were announced — and I think a very significant one was announced this morning by my colleague the hon. Minister of Energy and Natural Resources — the private sector will, to a large extent, be the group that solves the unemployment problem in a permanent way.

I close by saying that the philosophy as to whether we wanted a free-enterprise government that cared and put a lot of faith and confidence in the private sector or whether we wanted a socialist, centralist government that was going to take control of and plan everyone's life, was debated in a different forum in October 1982. The people of Alberta gave us their answer on November 2.

Thank you.

MR. NELSON: Mr. Chairman, I wasn't going to get into this, but I find it necessary just for a couple of brief comments. Some members, particularly the opposite side — and I'm not referring to over there — think that government and bureaucracies are the end-all answer to employment. Some people have never had to meet a payroll in their lives. They don't understand the workings and philosophy of private enterprise, the difficulties in the private sector, and also the many opportunities available.

There are cases, Mr. Chairman, that can be shown today where not only do large bureaucracies and governments not create all the permanent jobs, but in fact they may hinder them. Because you develop jobs and programs in the public sector, does not always mean permanent jobs in the economy. In many cases, it creates part-time jobs while the private sector gets back on its feet. Certainly, the attitude continually being pushed by some, of government getting more into the lives and bedrooms of people's homes, is not what the general public wants, at least in the province of Alberta.

I think we should be looking at not necessarily creating more and more programs at the cost of the taxpayer, but giving more encouragement to private enterprise by possibly developing less bureaucracy. In developing the bureaucracies, they must in many cases think they have to justify their existence by developing more regulations that don't necessarily meet the needs of the consuming public and therefore hinder not only the consuming public but the private entrepreneur who wants to develop additional businesses and job opportunities within the private sector.

Mr. Chairman, I just want to mention that when we hear that government should be doing this and that,

maybe they should be doing a little less and offering the opportunities to the private sector by less regulation so they can get on with the job and create permanent and, I might add, productive jobs that are paid from the private sector, not the public sector, which ultimately goes back to those who are working in private-sector jobs to pay for the activity. It all boils down to the middle-income guy and the businessman getting nailed with the whole lot. The businessman today is getting hit hard enough. Possibly we should examine the amount of government involvement and interference in the private sector and allow them to get on with their job of creating permanent, productive activity in the community for all Albertans.

MR. MARTIN: Mr. Chairman, it always amazes me; when Conservatives don't have the answers, they resort to talking about regulations. This province is more regulated than any other province in the country. The highest civil service per capita outside of Quebec is in this province today. Talk about regulations; this is a government that's doing it.

They always end up with business expertise. Somehow they're all great businessmen. I haven't seen any evidence of that in these budget estimates. I point out to the hon. Member for Calgary McCall that he should check on the backgrounds of some people before he makes his ridiculous statements, as he tends to do. I've met a payroll for a whole provincial organization, as has the Member for Spirit River-Fairview. I doubt very much that he has.

The other point I would like to make — when we start talking about the election, in the November 2 election I do not remember the Conservative candidates going across the province saying: elect me, we'll bring in user fees; elect me, we'll have no interest shielding; elect me, we'll have higher unemployment; elect me, we'll have a \$3 billion deficit; elect me, we'll bring in a regressive labor Act; elect me, we'll attack the lower income. I don't remember debating those issues. If they want to go back to the people right now and campaign on their record since November 2, let's do it. But don't hand us this mirage that somehow people are satisfied with what this government has done since November 2. If they really believe that, then they are totally distinct from where the people are. I think they better look at that before we end up with that sort of rhetoric.

Mr. Chairman, I still want to come back to the one question I asked. I'll ask two with it now. Have you had any discussions with the Liberal government? Is there a new designation of what full employment is? I wonder if they've been talking to the minister about this. What projections does the minister's department have, say, in the next year? He tells us that the private sector is going to pull us out, even though they're saying not. What projections does he have for the unemployment rate in the next year? Does he have projections? Surely the Department of Manpower should have those.

Thank you, Mr. Chairman.

MR. ISLEY: Mr. Chairman, I will not respond to the rhetoric. I thought I laid out the definition of what I consider full employment. There was a specific question raised as to discussions with the federal Liberal government. I suggest that the hon. member will have to ask them what their definition of full employment is. In the most recent discussions I've had with the Hon. Lloyd Axworthy — which, face to face, were in January; on the telephone, more recently — we haven't been discussing any new definition of what full employment means.

Then you asked for projections. I don't attempt to be a reader of the future, but I have confidence that things will unfold in a more positive way if we can convey to the public of Alberta that it's just as easy to be positive as it is to be negative.

MR. MARTIN: Mr. Chairman, I don't expect him to look. But surely one of the reasons we have created this Department of Manpower is to try to project what's going on, as the federal government does. When we've increased staff in the department, surely this is one of the things they would be looking at. Are you saying very clearly to the Assembly, Mr. Minister, that the Ministry of Manpower in this province is not trying to project what the unemployment rate will be six months and to a year hence? There's going to be no looking at this, no forecasting to see how bad it's going to be? Is that what you're saying?

[Mr. Appleby in the Chair]

MR. ISLEY: No, Mr. Chairman, that isn't quite what I'm saying. All I am saying is that I am not going to stand up here and say that in March 1984, the unemployment rate is going to be so-and-so. We're continually doing projections and communicating with the private sector. I know how the hon. member reacts to that word. Some of the very responsive programs that my colleagues have approved at the cabinet level have been based on what we see occurring. I've reminded the House and the hon. member before that it was the looking ahead of this government that brought in some very substantive capital works projects over the last two budget years, probably before he was even aware there was a problem.

Agreed to:

1.01 — Minister's Office	\$179,111
1.02 — Minister's Committees	\$24,000
1.03 — General Administration	\$3,187,625
1.04 — Planning and Research	\$218,355
Total Vote 1 — Departmental Support Services	\$3,609,091
2.1 — Manpower Development	\$19,893,153
2.2 — Training Assistance	\$10,711,004
2.3 — Manpower Training	\$6,602,690
Total Vote 2 — Manpower Development and Training Assistance	\$37,206,847
Total Vote 3 — Special Employment Programs	\$13,125,000
Department Total	\$53,940,938

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

[Motion carried]

Department of Municipal Affairs

MR. CHAIRMAN: Does the hon. minister wish to make some remarks?

MR. KOZIAK: Just briefly, Mr. Chairman, to outline a few of the highlights in the Department of Municipal Affairs budget that we're bringing to the attention of the committee for approval this morning. First of all, a total

of \$371,748,170 is being requested, which is an increase of 18.4 per cent over the forecast expenditure for the '82-83 fiscal year. It's interesting to note that 90 per cent of the budget, or \$334,467,617, is in fact grants. We have an increase in unconditional grants of 5 per cent to \$91,974,788; as I indicated during the course of my ministerial statement, a 40.5 per cent increase in the municipal debenture interest rebate program to \$118,000,000; a substantial increase of 58.6 per cent in rebates to individuals under the Alberta property tax reduction plan. That now provides \$109,204,130 and fulfils our commitment of last fall to increase the grants to renters of non-subsidized accommodation from \$1,000 to \$1,200, and from \$500 to \$600 in the case of subsidized accommodation. In addition, that plan is extended to eligible widows and widowers under legislation proposed for passage in this Assembly this spring. We have an increase from \$600 to \$1,000 for mobile-home owners on rented land; for senior citizens and, again, eligible widows and widowers, an increase from \$600 to \$1,000 under the property tax reduction plan. We have also provided for an increase of 66 per cent — from \$3 to \$5 — in the fee we pay to municipalities for processing the applications they handle under this plan.

As an overview, Mr. Chairman, the budget increase, as I indicated at the outset, is 18.4 percent. Of that, 19.8 per cent is an increase in grants, while program delivery is up 7.1 per cent. In manpower in the department, we see a reduction of approximately 2.5 per cent. Permanent positions are being reduced from 836 to 815, a reduction of 21 permanent positions and a reduction of 25 man-years, from 905 to 880 man-years; again, a reduction of approximately 2.5 per cent in manpower in the department. There is one X budget, one deletion; that is, vote 7, the co-ordination of the northeastern Alberta programs.

With those brief highlights, Mr. Chairman, I'm prepared to respond to questions or comments that might be made.

MR. BATIUK: At the outset, Mr. Chairman, I would like to advise the minister that I have no qualms with his budget. I'm glad of the strong support the municipalities are receiving from this particular department. My presentation will be somewhat different. It won't be too involved with the estimates. However, this is my 30th year of serving government in some way. Back in 1954, I was first elected to the local school board; then it was the school division county council. That's why these local governments are very close to me.

However, I have a real concern, particularly with one municipality. There are approximately 50 rural municipal districts and counties and maybe another 350 urban municipalities. During the many years I served on the municipal district and county councils, the relationship with the council was exceptionally good. We didn't always see eye to eye. There were times when we maybe got on one another's hide, but we always said good-bye at the end of the meeting.

Mr. Chairman, I would like to bring to the minister's attention a real issue and concern I have with the county of Minburn. The relationship with that county is already so bad that it's a real problem to the 4,000 people the seven men represent. One area I have noticed — whether it was the county of Beaver that I represented, the county of Two Hills, or the county of Lamont — the secretary-treasurers or administrators, as you may call them, have all worked until their retirement. In the last 10 years, there have been four secretary-treasurer/administrators in

the county of Minburn. So I think it's an indication why they moved at that pace. I have much sympathy with the secretary-administrator in a county where he works with such relationships. It must be very, very difficult.

I am going into one area where I have a real concern with this county; that is a seed cleaning plant. Earlier in this session, I queried the Minister of Agriculture with regard to the seed cleaning plant. But just to go back into the history a little: the Vegreville Seed Cleaning Plant is over 30 years old. It's presently almost in the heart of town, but at the time the town was much smaller. The town of Vegreville has been requesting that the Seed Cleaning Plant Association consider moving outside the town jurisdiction because of the dust — there are businesses and homes around — and because of the view that the plant is already at that age. There have been replacements to other areas. The municipal Seed Cleaning Plant Association has not gone into rebuilding or upgrading, with the idea that they will relocate just because of the age of the plant.

In 1977 they applied to the Minister of Agriculture and to the county for the replacement of that plant. Steps were taken and provision was being made. At that time, the seed cleaning plant policy of the government was that the local members must contribute one third, the provincial government a third, and the county another third. The county agreed, the government agreed, and the municipal association. However, as plans were made, \$300,000 would not cover the cost of the plant. So they went back to the Minister of Agriculture, and he brought in a new policy that would raise that to a \$200,000 maximum, just to accommodate this particular county.

When this was done, the county agreed to pay \$200,000, the government was going to contribute \$200,000, and the membership. At exactly that time, the plants division of the Department of Agriculture discussed it with the seed cleaning plant board in Vegreville, advising them that maybe they could consider a regional plant. It would be considerably bigger, but it might be coming to that point. I saw that it might be all right, but I knew the surrounding areas would not close their plants just to provide Vegreville with a bigger one. However, by the time plans went around and so forth, the costs had escalated so that it could not be built for \$600,000; it had exceeded that. Again the former Minister of Agriculture changed the policy to accommodate. But the policy was also changed so the provincial government would contribute 40 per cent, the shareholders or members 40 per cent, and the county 20 per cent. Twice the county, through resolution, agreed to contribute \$200,000.

As I mentioned, something very bad has happened — the relationships with the county. The county decided they were not going to go ahead. They were not going to fulfil their commitment. The Vegreville Seed Cleaning Plant Association had gone ahead and spent about half a million dollars building a new seed cleaning plant. Now the county will not contribute the \$200,000 they committed themselves to and they will not sign a contract, which is mandatory.

Previously I questioned the Minister of Agriculture on a court action — and I have that here today — between Dorcal Industries of Calgary and the Vegreville Seed Cleaning Plant Association and Tom and Edna Rawlyk. The Rawlyks, who own land, were good enough to take a few acres of their farm to provide for this service, and they are being faced with charges. What bothers me very much is that the farmers have already contributed over \$400,000. The government has a cheque for them to take.

There is half a million dollars of expenditures, and there is a standstill. Dorcal is filing suit for \$292,000.

Mr. Chairman, when I was on the county council, after every election we had to take the Bible in one hand, lift the other hand, and promise to serve diligently and faithfully. I can assure you that this county is not serving the interests of the 4,000 people they represent.

To go back about five years, the reeve of the county of Minburn invited me to a meeting. They brought out that they had the poorest administration building in the province of Alberta, and I know that. They had no money to construct a new one, and they asked me whether I could work on their behalf to get the courthouse in Vegreville, which was to be vacated in a short while. At the time, the former Attorney General could not see it being transferred shortly. However, after the '79 election, the present Attorney General saw that I had made a request, and he told me: we need land for a new courthouse in Vegreville; the county has land standing there; we'll swap them for the courthouse. I took that message back, and that wasn't acceptable.

What bothers me most is that the county of Minburn has \$1.8 million in reserves, in term certificates. That is what their financial statement showed this year. I know much of that money is from the \$500 per capita our government gave in 1979, but I wonder about some things that happen. In the municipal debenture interest announcement earlier in the year, the minister mentioned — and I have a copy of a letter. I'm thankful to all ministers who provide us with information whenever they receive anything from the constituency. This is to the minister. It says:

Concern is expressed by the majority of County Council, as to your recent announcement, where the provincial government will no longer effect the aforementioned program.

It is felt that the lack of this program will result in increased mill rates and taxes in order to maintain municipal/school services unless some other form of revenue program is forthcoming . . .

One would assume that this program be continued until brighter signs of economic recovery is evident. The provincial government is obviously of the opinion that the program has achieved its goal . . .

It goes on a little more, but I don't think there is a real need to read it. Mr. Chairman, it is signed by the administrator of the county of Minburn, with a carbon copy to Grant Notley, MLA, Leader of the Official Opposition. I represent half the county of Minburn, and the hon. Member for Vermilion-Viking represents the other half. No carbon copies were sent to us. Maybe there is a reason for it.

At this time I must bring to your attention, Mr. Chairman, that I cannot see a concern such as this by the county of Minburn when they have \$1.8 million in term certificates. They have no debts. What is their concern? Anyway, that's the way it goes.

I must commend the Minister of Municipal Affairs, who has already taken some action to change the internal boundaries of the county. Up to now, some councillors are representing 200 people in a division; another councillor may be representing 1,400. I know it's not going to cure, but at least it may help in that some of the money will be spent more or less equitably. When the county councillors make their expenditures, they divide their budget seven ways; each has that many dollars. The County Act never provided for that. I think it contravenes the County Act when they do this. However, I'm

not going to question the legality of it.

I am concerned about the 4,000 people who reside in the county of Minburn. I feel that they have not received decent representation for many years. I'm not going to point my finger at any of them; I'm talking about them as a county council. As I mentioned earlier, when I served I took an oath to serve faithfully, but I cannot see any faithful representation here. I represent the counties of Lamont, Beaver, and Two Hills. The relationship has been good. I've never heard of any squabbles among them. But it is different in this particular county. It's not good for the taxpayers.

I think there is only one alternative, Mr. Chairman: that the Minister of Municipal Affairs strongly consider taking action in some way. I would even offer a few suggestions. One is to maybe disqualify the entire county council and put in an administrator. Another: it may be wise to disband or disperse the total county of Minburn; chop it up and spread it to the surrounding four that know how to administer properly. If I had any say, I would not want to see this, but it is up to the people in that area. I still would like to see the town of Vegreville and the surrounding areas form an urban/rural county. I think it could work. It's not only for municipal administration. In the past there have been problems with recreation, ambulances, all these things put together. I think an urban/rural county would be the answer. The other portions could be put into the other counties that would be able to administer them.

When I mentioned the seed cleaning plant, it's been brought up time and time again that the county has to have a by-law for borrowing. There's no necessity for borrowing, and I cannot see the need for a by-law. When they have \$1.8 million in savings and reserves, they could have contributed that \$200,000 and still have \$1.6 million in their heritage fund. When I see that much money standing in the county — they write a letter that they would like cheap money. Maybe they'd like to borrow more at the cheap interest rate and invest it to make extra money. Maybe the minister should be considering cancelling the grants to this county until it uses some of this money. When Alberta is going to the money market for its own needs, a group such as this is going in that direction.

I don't want to belabor this much longer. I've expressed my opinion. I'm very disappointed with the administration of this particular county, and I would strongly suggest that the minister, along with cabinet, decide to do something. There are 4,000 very, very concerned people there. I've been approached with that representation for the last number of years, and it's making my job difficult and is bad for the people I represent.

Mr. Chairman, I would like to thank you for my time.

MR. MARTIN: Mr. Chairman, I take great pleasure in rising today to talk to the hon. minister. I might point out to the minister that I hope I don't delay his career in the Conservative Party. We go back a long way in the same fraternity. If he doesn't tell any lies about me, I won't tell the truth about him and what we were like when we were younger at the university.

I would like to make a couple of points, and I have some specific questions. First of all — and I won't go into a lot of rhetoric unless provoked to do so — I think the minister knows about the interest shielding plan. I think it was a good plan. We've talked to municipal representatives, and of course they were disappointed that it didn't go on. Perhaps the tragedy of cutting it off at this time,

Mr. Chairman, is that we go back to the whole idea of bang for the buck. If we could get some public works under way, especially in the two major cities, it's still the cheapest time to do it, and it would create employment at the same time. We've made those arguments many, many times, so I just bring that out to the minister. I hope they look at it again.

The other argument we've made from time to time — and I think it still has to be made — is the whole concept of revenue sharing. It doesn't make much sense to me, when it comes from the same taxpayer eventually, that one level of government thinks they have to control all the purse strings. I think some ex-aldermen might agree with me — at least I hope they would — that people at the civic level are just as capable as those at the provincial level. There are examples of provincial revenue schemes that work well in Saskatchewan. At that point, then, they're not beholden to the senior government, coming cap in hand — as one illustrious former cabinet minister called them, the children of the province.

If they have revenue sharing, they share with the good and share with the bad. When revenues are not coming into the province, they share that too. It reflects, then, in terms of the economy. If they'd had revenue sharing in the '70s when times were good, they could have planned their own agenda. At that point they would have been held responsible one way or the other to the voters at the local level. As it is now, they have to carry a lot of programs, and they really don't have access to the tax base to carry them on. So I bring that to the minister. I think what the AUMA has asked for from time to time, 8 per cent revenue sharing, is not necessarily a bad idea, and I hope the government will take a look at it.

My hon. friend from Clover Bar would probably like to make a couple of comments about annexation. I would just like to bring to the attention of the minister — I'm sure he's aware — that a fair number of problems seem to have developed in regard to annexation. I'm not sure there's much we can do about it at this point, but maybe there is. I bring a letter that was sent to me from a prominent businessman who wanted to meet with me. I guess he doesn't feel he's getting anywhere with the government. If I may, I would like to quote to the minister a couple of parts of it. I think it sums up fairly well at least one part of the problem in the area. He was the owner of a business in Grosvenor Industrial Park. He says to me very clearly:

I feel that it is my responsibility to make you aware of the hardships annexation has caused me and all other businesses. To give you a better perspective it is necessary to relate to you the historical development of this area.

Mr. Chairman, he's talking about the area east of 34th Street, the pre-annexation city boundary, and south of the refineries moved into this area. He goes into the history of it. I'm sure the minister is aware of it, so I don't need to quote all of this. Then he says:

In general then, the majority of owner/users in this area moved here to save money; both in cost of purchase and annual operating costs as they related to taxes. Over the years natural gas and power service were installed.

He's saying that basically he chose that area because of the advantages of the taxation structure. I know this government, being a pro-business government, would appreciate that that was a business decision they had to make at that particular time. It goes on:

Municipal taxes are paid for services provided by

the recipient of the taxes. We felt adequately protected by the County in terms of police and fire protection.

He goes on. The last part:

As you are aware, we vehemently opposed annexation as we saw it as an infringement upon our previous decision to locate in an area exempt of business taxes and amortized service costs. We could only see where annexation would hurt our businesses by charging us business taxes and by increasing our municipal taxes. We see this as being very unfair. We don't see how you can disagree with this argument.

I make the point again that they were making business decisions. We criticize the federal government for making decisions and changing the rules, and that's exactly what he's talking about.

He says:

We believe businesses that occupied the annexed area prior to annexation should be exempt from business taxes for a five to ten year period; which will give them sufficient time to consider relocation back into the County. At present there are few, if any, suitable areas in the County that are comparable to what we had prior to annexation. We further believe any businesses that moved into the area after annexation should pay business taxes as normal; because they had the choice. We didn't and we shouldn't be penalized as such.

I believe they have a legitimate point. They're asking for a five- or 10-year period for relocation. I think that's reasonable, as they were making business decisions. They're saying that if a business chooses to move into that area now, they know the rules of the game. I don't think what they're asking is unrealistic or unfair. They talk about where they don't see the city of Edmonton has improved the quality of service to the area, but I'll leave that with city government.

I think we have a major problem here, Mr. Chairman. He says:

In conclusion, I have decided not to pay my taxes because I feel they are unjustified and illegal; so have many of my neighbours had an approximate 100% increase in one year in these trying times.

A 100 per cent increase in taxes in a recession. Obviously many businesses are going to go under in that area. As he puts it:

This will put many of us out of business which in turn reduces the City's tax revenue. Taxes are now being assessed on 1980 property values which do not hold true to 1983 property values.

I think he's correct there also.

If we were to sell our property today, we would be fortunate to get one half of what it is worth. This is not right. Furthermore, many of us are forced to sell equipment now which has been the livelihood for my family and 40 Albertans for thirteen years.

[Mr. Purdy in the Chair]

My question to the minister in regard to that: would he look at the proposal these people are making, and deal with the city? I know it goes to the city of Edmonton now, but surely there's some pressure the minister could look at. At a time of high unemployment, we could have another rash of small business failures in this area. I do not think what the person suggests is unreasonable. He moved into that area, those were the rules of the business game at the time, and he had to make a business decision.

Now, when the rules are changed, I think there should be some avenue for that person or other businesses in the area to at least have some time to adjust to it. That's all they're asking. I don't think that's unreasonable.

The specific questions that have to do with the budget, Mr. Chairman — I take it the minister has his estimates book there. On page 252, there is a 19.8 per cent increase in grants. This is a sort of generic term whose scope isn't clear to me. It might be my slowness. But in Supplementary Information, page 118, we learn that special assistance grants, Vote 2.1.360, go from \$20.66 million to \$1.01 million. What were they, and why this massive cut?

The other question deals with the municipal debenture interest rebate. Vote 2.2.1 increases from [\$84] million to \$118 million. What proportion of this is to help with presently existing debt, reducing what level of interest rate to what? It's not clear there.

The other question I would ask has to do with interest rates. I'm curious about this. What interest rates are assumed in 1983-84? I know we can't predict what the interest rate is going to be. It's just fallen again, and there's some indication that rates may stay down for a while. I'm interested in what interest rates are assumed in 1983-84.

Another question is: why are regional planning commissions taking a 12.6 per cent cut? I believe that's Vote 4.1.

I have another question. On page 261, a summary of object by expenditure under Vote 5, we're told that grants are being reduced by \$700,000, or 51.9 per cent. I'm interested in why I can't locate these kinds of reductions in subvote 5. The only reductions I can find there — that's votes 5.1.1 and 5.1.4 — total about \$70,000. Everything else in Vote 5 is increased. I'm interested in why that is. What's the answer, and where is the reduction reflected? I think the information could be a little clearer. Maybe the minister would answer this.

The other question has to do with the transportation area in Municipal Affairs. We've already talked about LRT. Even though I've talked to the Minister of Transportation and know it ties in, we still think now is the time to go on. I know we're not going to get far on that. I'll skip over that question.

Because of things that have been going on in the House, I'm interested in why Vote 2.4, which has to do with municipal water and sewerage, is up by only .4 per cent, I believe. What does that program do specifically? I believe the major grants are through utilities. I want to be a little clearer on what that department does. Basically I'm interested in what the program does.

MR. KOZIAK: What page are you on?

MR. MARTIN: It's Vote 2.4. I'm sorry, I don't have the page. [interjection] Well let me check back on it. I'm sorry if it's not there. I'll make a note of that.

I notice that there's no increase at all in Vote 2.6.2, municipal waste management.

MR. DEPUTY CHAIRMAN: I wonder if the hon. member isn't under Utilities and Telephones.

MR. MARTIN: I'm sorry; I jumped over. I was on Environment. They tie in together. Let me stop there. I think that's enough to begin with. I'll go back to more questions and maybe follow up with other ones. When the minister gets a chance, he can answer those specific

questions and the general things that were raised.
Thank you, Mr. Chairman.

DR. BUCK: Mr. Chairman, I have a few points and a few things I would like to bring to the attention of the committee. First of all, the Member for Edmonton Norwood mentioned why we are so fearful of looking at revenue sharing. The answer is really very obvious. This government likes to control the purse strings. If you control the purse strings, you control the levers of power. It's just that simple. This government would not be the first government that wanted to lose that power, because now the municipalities are captives of the system; they have to come cap in hand.

Mr. Chairman, it's not only that reason; it's also the fact this is a beautiful system for us at the provincial level. When people at the municipal level run out of funding or have inadequate funding, the people are not mad at the provincial government; they're mad at the local councillors or aldermen. It's a great system that way. But if we want to be cost efficient, if we really want to let government function at the local level, we would look at revenue sharing.

I well remember that in 1970 the government members, who were on this side of the House, were so gung ho on revenue sharing and berating the government because they had lowered the percentage of natural resource revenue going into the pot. So I don't think we have to hold our breath waiting for this government to look at revenue sharing.

Also, we could do the taxpayers of this province a great favor if we went to unconditional grants more than conditional grants. No one knows better what people need than people at the locally elected level. So many times we waste many dollars having these people ride out from the big city here to make sure the grants are used for the program they're designed for. The need for that program may not be that great, but bureaucrats being bureaucrats at any level. If there's a grant available, they're certainly going to find a program to use the money. It's just that simple. So that's certainly not a cost-efficient way of doing it.

I want to mention several things about the annexation problem. I'm sure all members who are affected by annexation will tell the same horror stories the hon. Member for Edmonton Norwood brought to the attention of the committee. Some of these people in good faith moved out of the city for economic reasons and now, for all intents and purposes, they're going to be taxed out of their businesses. I think the minister, who I assume is a reasonable person — because lawyers pride themselves on being reasonable people, except when it comes to their bills — should look at some of the problems that affect these small businesses. It is devastating them. They didn't ask to be annexed.

It's not good enough to have an alderman on city council — who happens to remain nameless, but has red hair — say it's just an insignificant amount; we're giving them greater services so why not pay more? Of course that's the same alderman who says we should have toll roads coming in and out of Edmonton. When you come to the great city, doing the great favor of showing up in the metropolis and leaving your money there, they're going to ask you to pay tolls if you happen to live in Fort Saskatchewan, Sherwood Park, St. Albert, and other surrounding communities.

AN HON. MEMBER: That's revenue sharing.

DR. BUCK: That's revenue sharing all right, but the less said about that alderman the better.

Mr. Chairman, in all conscience, I think you should give great consideration to the serious problems these people have, problems not of their own making. In speaking to some of my neighbors and my constituents, they are concerned that there was a promise by this government that there would not be a reduction in service to the people in the annexed area. I drive up and down Highway 15 quite often, and that highway is starting to break up. In its wisdom, the city repaved the piece from 137th Avenue out to the Oliver intersection. That is the best part of the highway, but they repaved that. They haven't done the part of the highway that really needed repaving. Only heaven knows when that part of the highway will get done. So services certainly have not been maintained.

The speeders that travel up and down Highway 15 think annexation is the greatest system since sliced bread, because now that is patrolled by the city of Edmonton. I've seen two patrol cars on Highway 15 since the annexation order took place. The first one was coming out to find where the borders were, and I think the second was just out for a Sunday drive. That's the kind of service we've been getting. We don't know if graders have become obsolescent or not, because we don't have them on the roads that much any more. Education has suffered because we lost some of our revenue base. I think this government has not lived up to its promises of assuring those people that the levels of service would not deteriorate. I guess the city just bit off more than it could chew. Now the municipal government in the city of Edmonton has control of its own destiny all right. That's about all you can say for it. I don't know if they are ever going to make use of the control of that destiny.

The other point I would like to make is on the taxation and treatment of our acreage people. The hon. Member for Stony Plain and those of us who represent acreage owners tell this story all the time. We don't think we're being fair to our acreage people. Those people put in their own gas and power services; they look after their own sewage disposal and water. I think they're paying a disproportionate share of taxes. We've played around the issue of this problem for many, many years, but nobody really wants to take the bull by the horns and do something about it.

Mr. Chairman, with those few brief remarks, I look forward to the discussion of the estimates, because this department affects all people in this province. Municipal financing is the keystone to finding out if a municipality can operate efficiently or halfway efficiently. I look forward to the discussion of the estimates of this department.

MR. KOWALSKI: Mr. Chairman, just a couple of comments to the Minister of Municipal Affairs with respect to his estimates. They're not so much with respect to his estimates but perhaps on a matter that has already been raised in the House by the Member for Drayton Valley by way of Motion 205, dealing with the whole question of property taxation throughout rural Alberta.

For the love of me, I've had no single issue with a greater amount of representation in the past several years than the one dealing with the property taxation question at the local municipal level, particularly in terms of what's happening in rural municipalities, MDs, and coun-

ties. There appears to be some level of inequity. I'm not sure if it's the assessment rules or guidelines that are available, or decisions made at the local level, but there appears to be considerable diversity in discretion in the differences in taxes various property owners are paying by way of their yearly taxation rates. I'm informed that in the county of Barrhead, as many as 10 per cent of the people who own property do not pay any level of property taxes per year. It's causing considerable antagonism for one property owner to the other property owner. It's causing jealousy and confusion. It's one area I think all members of this Assembly have to give considerable attention to.

I wonder if the minister, in his responses a little later, might bring us up to date as to where he sees this whole question moving in the short term. It's my understanding that the Alberta Association of MDs and Counties has recently discussed this issue and that if they haven't passed are soon hoping to pass a resolution that will come forward by the AAMDC calling for at least a minimum property tax per quarter of land in the province of Alberta. I've heard figures as high as \$400 per year as being the minimum tax. I don't know if implementation of a minimum property tax is the best solution to the problem. Perhaps a reassessment of the manner in which assessment is provided, that would encourage all people to provide a property tax, might be a better way.

In essence, my one comment today — the most important one I have in the whole question of municipal affairs brought to me over the last several years — is how difficult the problem is today. In what directions would the minister see himself wanting to move?

MR. LEE: Mr. Chairman, it's my pleasure to participate in this review of the estimates of the minister. I'd like to begin by congratulating him on his appointment to what I believe to be one of the most important portfolios there is. In a sense, this is a portfolio of intergovernmental affairs, because it involves the relationship between the provincial government and literally 300 other elected governments. Therefore, it's a major portfolio and is certainly one of great responsibility.

I particularly want to congratulate the minister on what I expect to be a very rewarding portfolio for him. I believe the types of people who represent municipalities throughout this province, whether city, village, or town, are dedicated to the principle of service to their fellow man. I certainly can't speak for major city members of council, because in a sense a city alderman or mayor can be someone who is elected as a result of name identification and his or her qualities may not be known to the electorate all that well. But my experience of rural representatives is that they are the natural leaders of the community. During the past five years, in attending the Alberta Urban Municipalities Association's conventions, as well as the Federation of Canadian Municipalities' conventions, I've learned to meet these people and respect them. I predict that you will enjoy your association with them, Mr. Minister.

I particularly want to take a moment to acknowledge your predecessor, the Hon. Marvin Moore, who I believe was in the process of completing a very successful consultative process. It was my experience that great progress was being made between the province and municipalities in terms of many of the issues that had to be dealt with — the major issue being long-term financing, but there were a hundred other issues. I felt there was a good, co-operative working relationship. If the new minister can

emulate that, he will do well, because I believe it was a successful program.

What is the major issue affecting municipalities? If we look at Vote 1 of the budget estimates, which really deals with departmental support services, certainly that's an important area. When we break down the financial support in Vote 2 for municipal programs, we see that the city of Calgary will enjoy grants in 1983-84 of \$16,055,000 of a total of \$39 million in grants for the 12 cities. In terms of that program, it being a per capita program, the city of Calgary is getting its share.

We look at Vote 2, the municipal debenture interest rebate program. I know hon. members have mentioned this as a matter of concern. I recall that when the minister announced this program, several of us urban MLAs contacted our former colleagues at city council. I did not detect that significant a degree of concern about phasing out this program, primarily because I think there was a recognition and acknowledgment, Mr. Minister, that interest rates were on their way down and municipalities would be able to meet their financial needs through conventional funds at conventional rates through the municipal finance council.

But the real concern, when we look at the concerns of municipalities as they relate to the budget, is long-term financing. Mr. Minister, through the Chair, have you seen this document entitled *Financing Urban Growth*, by the city of Calgary? It was published in 1982. I just want to summarize for your attention the concerns that were expressed, because I believe this document was the beginning of a series of documents that have adequately provided evidence of the plight of urban municipalities. Essentially, the document said that in the past five years, the city of Calgary was experiencing a rate of growth of 5 per cent per year. In reality, the city was adding to its population that of a new Fort McMurray each year; a very significant number, incredible to conceive of. Yes, there has been a slowdown in migration in the past 12 months, but I believe that's a temporary experience and that in the long-term projections for the city of Calgary, we will still see the realization of 1 million people living within that municipality by the year 2000. If we had continued with the previous rate of growth, we probably would have seen that population by 1995. But I think 1 million is pretty realistic.

The fundamental problem has been that in financing urban growth, the revenues have not matched the expenditures. Frankly, I don't believe that is a result of the unwise expenditure of funds by municipalities. Mr. Chairman, when Calgary city council reviews its budget, it goes through program by program, almost line by line, with great debates on the expenditures of \$5,000, \$10,000, \$15,000, \$20,000, or \$100,000. I know from my participation in the budget review process that it's an exhaustive one. City council spends literally two months reviewing and cutting the budget. Last year alone, members of council cut several percentage points. So I am not prepared to accept the premise that municipalities aren't being responsible.

When you go to rural municipalities, clearly those councillors have an excellent grasp of where the money is being spent and if it's being spent wisely. But there is clearly a fiscal gap. One of the reasons, particularly for the city of Calgary, is the significant amount of money spent on transportation needs. If we look at direct financial expenditures, fully 35 per cent of the 1982 budget for the city of Calgary was spent for transportation; if you look at direct and indirect expenditures, almost 50 per

cent.

How do we finance the needs of municipalities? If we look at the long-term projections, it is anticipated that by 1985 there will be a significant fiscal gap between revenues and expenditures. If revenues were to increase at 12 per cent a year — and of course that's not a realistic expectation anymore — and expenditures were to increase at the curtailed rate, there would be a significant gap of \$250 million by 1985. Certainly that is not a realistic projection.

What is going to happen? Mr. Chairman, the city of Calgary made the recommendation in the 1982 document that there be a second look at how the property tax is utilized. Essentially, it was based on the premise that "the city's share of property tax revenues has declined from 57% in 1975 to 53% in 1981", while the schools' share increased from 33 per cent to 37 per cent. In other words, the school boards have been requisitioning a significantly larger portion of that revenue. Anyone who has served at the local level will know that most electors believe that the property tax bill they receive once a year is entirely for city services. The reality in the city of Calgary is that fully 50 per cent of the funds are allocated for school boards.

In this submission, the city of Calgary has suggested that the provincial government no longer collect the industrial property tax levy for schools. Had the province collected those funds no longer in 1982, which would have amounted to \$27 million, and simply said to municipalities, you collect them, the city of Calgary would have realized an additional revenue base of \$27 million. Mr. Chairman, this principle is entirely in keeping with the principle this provincial government announced when it decided to introduce its property tax rebate program. In fact it would bring to completion the concept of the province vacating collecting property taxes entirely to the municipal governments.

If we look at the recommendation of the minister's advisory committee, it essentially recommended the same principle. Mr. Chairman, I'm referring to the document prepared by the minister's Advisory Committee on Municipal Finance and submitted to the minister last year. This was dated July 30, 1982. This document said, yes, vacate the foundation levy; however, collect the funds and return them to all the municipalities on a per capita basis. Whether the minister was to consider that principle or that enunciated by the city of Calgary and simply say, don't collect it any more, leave the room to the municipality, either is a very realistic proposition that the municipalities are proposing. Mr. Chairman, there has to be a clear acknowledgment here that these are difficult economic times, and all governments have to show restraint. But frankly the alternatives are very significant.

Mr. Chairman, I refer hon. members to a submission by the city of Calgary intergovernmental affairs committee to the Hon. Bill Payne, dated February 11, 1983. A number of recommendations on possible alternative sources of revenue, other than a grant program or revenue sharing, were made in this document. I might add that the concept of revenue sharing enunciated by the hon. Member for Edmonton Norwood is really not a principle that is being embraced by municipalities any longer. It was certainly very fashionable five years ago to talk about revenue sharing, but municipalities have acknowledged their accountability. If they want revenues, they have to collect them. What we need is a better understanding by the province of those particular revenue sources that are available.

Before I get to the particular recommendations of the city of Calgary in the 1983 document, Mr. Chairman, I want to refer hon. members to a document entitled Calgary's Fiscal Situation 1983. It is a pretty drastic document when you look at the hard, cold reality of the numbers today. I want to refer hon. members to page 1, an executive summary, where three conclusions are drawn. One, "layoffs of approximately an additional 750 civic employees" — and please note that 195 positions were abolished in the initial budget cuts for 1983 and have already taken place — are possible unless that fiscal gap is breached. A second alternative is that the city of Calgary must double taxes over the next five years, from 9 per cent to 18 per cent a year — a very drastic possibility. Thirdly, the document indicates that there will be an entire "freeze on all capital works" — not a desirable factor when we realize the condition of the construction industry in the city of Calgary today and the prospect by the end of 1983 of some 7 million square feet of commercial office space. If we acknowledge a possible absorption rate of 500,000 square feet a year, there's a possibility that it will take between 10 and 15 years to absorb the available commercial office space.

So clearly, there is tremendous potential, a latent capacity of the construction industry to proceed. And if the city of Calgary has to remove itself and step back from that process, that does not augur well for future employment trends. The city of Calgary has identified in this document the drastic nature of its condition at this time.

What are our other alternatives? Number one, there is the recommendation on the school foundation levy. It is contained in the city of Calgary's presentation and in the Minister of Municipal Affairs' advisory committee. A second proposition, and one that I know any member of this Assembly who has served on a municipal council will appreciate, is the proposal contained in the minister's report on page 14, that the government of Alberta introduce legislation to limit school supplementary requisitions to a maximum of 20 per cent of the consolidated municipal tax levy. I know that the Minister of Education has a committee studying this matter — it's under consideration — and I would suggest that there is a need for a close working relationship between the two ministers in this area. That would be the second major recommendation.

Mr. Chairman, there are many other suggestions contained in this document. I'll touch upon them very briefly. Certainly one that has questionable value is the proposal to allow municipalities to raise the local hotel tax. The economy is difficult; occupancy rates are significantly low. Most hotels and motels are scrambling for survival. I don't believe this is the time to introduce such a proposal. But the city of Calgary has identified that should that occur, there would be an additional source of revenue of up to \$3 million a year.

Mr. Minister, while this does not come within your jurisdiction, a second area . . .

MR. DEPUTY CHAIRMAN: Would the hon. Member for Calgary Buffalo use parliamentary language.

MR. LEE: Mr. Chairman, the next suggestion is in the area of the law enforcement grant. Since 1975, the provincial government has provided a law enforcement grant at \$18 per capita. It hasn't changed since 1980. It's \$18 per person. It is not changing to acknowledge the reality of inflation. Inflation still continues. Over a year ago, an arbitration board awarded police officers some 29 per

cent over two years. The city is paying for it. When that grant does not increase with any acknowledgment of inflation, the city is being short-changed to the tune of \$1 million a year.

Mr. Minister, through the Chair, another area I want to draw to the minister's attention that I believe has merit — while it does not come under the hon. minister's portfolio, I suggest that an area we ought to focus on in the next year is the AGT franchise fee. Were Alberta Government Telephones to make a 10 per cent of revenue payment on the same basis that the Canadian Western Natural Gas Company and the city of Calgary's own utilities do, there would be an additional source of revenue of some \$20 million in the year 1983. I think that particular option has merit.

Mr. Chairman, there are many other possibilities. There is the suggestion of allowing municipalities to conduct local lotteries. All of these have some merit. I simply want to serve notice to the hon. minister that this is the year to consider those options. While I know we're into the budget estimates now and there's no opportunity to respond, the minister has a new portfolio.

I believe 1983-84 is the year when there ought to be some study about the needs of Calgary, Edmonton and, in fact, all municipalities. This most important document submitted to the minister on July 30, 1982, is the key document. The work of the minister's advisory committee has been under way now for three years. Some useful suggestions were made. Unfortunately the municipalities did not manage well the recommendation that the gasoline tax be returned to municipalities and be shared on a per capita basis. I think municipalities have to take responsibility for the mismanagement of that resolution at the convention.

However, there are some constructive suggestions. They are here. I would ask the hon. minister if he would comment on those specific suggestions, and if he would indicate how he sees the review of these suggestions during the next year and what concrete actions might be taken. I certainly look forward to the minister's response.

MR. KOZIAK: Very briefly, Mr. Chairman, I've had some interesting representations, particularly in the area of finance. I note the eloquence with which they were delivered. I'm sure all members will understand that we face a deficit and not a surplus in our budget this year. That has to be taken into account in any decisions we make to increase the amount proposed in the budget.

The problems we face are not unusual, and municipalities face them as well. I'd like to congratulate those municipalities that have been able to address and respond to the new economic circumstances that face them. As the Member for Vegreville pointed out, there are municipalities with their own trust funds. The city of Calgary is among them. There are tens of millions of dollars that the city of Calgary still holds as a result of the debenture retirement program that saw distribution of over \$1 billion to Alberta municipalities just a couple of years ago. They are managing that well. It provides them with additional cash to accommodate their needs.

Specifically with respect to the concerns expressed by the Member for Vegreville: the courts are there to respond to the illegal activities of elected representatives, and the electorate is there to respond to all the other activities. On Monday, October 17, the electorate can make their decision as to the quality of the decisions that were made in that particular county. Of course the concern we all share — that in a democracy we try to provide

as equitable a distribution as possible of voters to those being elected — is being taken into account. There will be a redistribution of the divisional boundaries within the county of Minburn to accommodate the realities of populations in that county.

Some specific questions were raised by the Member for Edmonton Norwood. On 2.1.360, the answer is very simple. There was a \$20 million grant to the city of Edmonton in connection with the Convention Centre in the '82-83 fiscal year which is not repeated in the budget before us. The \$118 million is strictly for the interest shielding program. That's important, because when I first thought of the concept the municipal advisory committee is putting forward while I was Minister of Education, the amount we were paying for interest shielding was just over \$1 million. It's now \$118 million. It makes a big difference in overall provincial finances to be able to provide the type of concept now put forward by the advisory committee. But I don't want to respond further to that, except to say that I'm awaiting the results of the combined deliberations of all the municipalities through their associations, which I expect to receive fairly shortly.

The matter of annexation: there is a provision for grants to the municipalities that lost in excess of 10 per cent of their assessment. That's provided for in the budget. Last year it was \$9.41 million; this year it's \$7.6 million. That represents a 20 per cent decrease, in accordance with the arrangements that were made to provide for phasing in those grants over a five year period, with a reduction of 20 per cent each year, rather than doing it over a 10-year period. So the compressed period has resulted in an acceleration of the funding to those municipalities that have lost assessment by virtue of the annexation.

The drop in the funding of \$1 million to the regional planning commissions represents the fact that there was a surplus in the Alberta Planning Fund. Not only was there a drop in the provincial contribution, there was a drop in the municipal contributions. We've reduced the mill rate by 25 per cent. However, the Alberta Planning Board has dealt judiciously with the requests of each of the regional planning commissions and has responded to those needs. Generally speaking, the type of funding that's necessary has been provided, having regard to current circumstances.

The reduction in grants in vote 5, which the Member for Edmonton Norwood raises, for all intents and purposes is really a transfer. The largest amount of that is \$584,000. That's transferred from grants to supplies and services and contracts for construction, as this is the most efficient way of handling the water and sewer projects that are being developed and put in place on the Metis settlements in the province. The grants in last year's budget and the shift into construction and supplies and services both represent the same object of expenditure: water and sewer programs in Metis settlements.

There's no doubt there are difficulties in the taxation system. The Member for Barrhead raises the fact that 10 per cent of the property owners in a particular area do not pay taxes. We've heard from the Member for Drayton Valley, and others who spoke on Motion 205, of the difficulties that exist there. I'm going to be very interested in the contribution of hon. members as the debate on that motion continues so that, if possible, we can reach some conclusion.

On the matter of interest shielding, of course one of the important things we should not overlook is the Alberta Municipal Financing Corporation annual report. Of the

\$2.2 billion borrowed in Canada, half of that was borrowed by Alberta municipalities, local governments. On a population basis, 10 times as much is borrowed by local governments in Alberta. And we're continuing to shield. I have the figures for Calgary. They have approved debentures of \$1.3 billion, subject to shielding, that they haven't yet borrowed on.

MR. HORSMAN: Mr. Chairman, I hesitate to interrupt my colleague, but it is necessary to rise and report. I move that the committee rise, report progress, and beg leave to sit again.

[Motion carried]

[Mr. Deputy Speaker in the Chair]

MR. HORSMAN: Mr. Speaker, in order for the committee report to be made, I move that we stop the clock at one o'clock.

MR. DEPUTY SPEAKER: All agreed?

HON. MEMBERS: Agreed.

MR. PURDY: Mr. Speaker, the Committee of Supply has had under consideration the following resolution and reports as follows:

Resolved that there be granted to Her Majesty for the

fiscal year ending March 31, 1984, sums not exceeding the following for the Department of Manpower and the purposes indicated: \$3,609,091 for departmental support services; \$37,206,847 for manpower development and training assistance, and \$13,125,000 for special employment programs.

The Committee of Supply has had under consideration certain resolutions, reports progress thereon, and asks leave to sit again.

MR. DEPUTY SPEAKER: Having heard the report and the request for leave to sit again, are you all agreed?

HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: It is so ordered.

MR. HORSMAN: Mr. Speaker, by way of advice to members of the Assembly, the estimates of the Department of Social Services and Community Health have been designated for Committee of Supply on Monday afternoon. In the evening, the committee on privileges and elections will meet. On Tuesday next, the first hour has been designated by the government for government business, at which time second readings of various Bills on the Order Paper will be undertaken.

[At 1:03 p.m., pursuant to Standing Order 5, the House adjourned to Monday at 2:30 p.m.]