

ADDITIONAL AGENDA #1 (

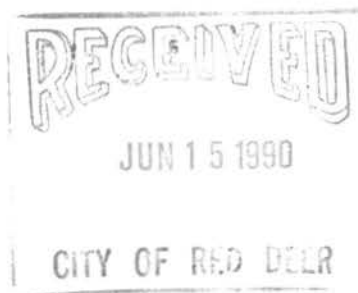
FOR THE REGULAR MEETING OF RED DEER CITY  
COUNCIL, TO BE HELD IN THE COUNCIL CHAMBERS,  
CITY HALL, MONDAY, JULY 23, 1990, COMMENCING  
AT 4:30 P.M.

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- 1) Minister of Public Works - Re: Grants in Lieu of Taxes.

JIM EDWARDS, M.P.  
EDMONTON SOUTHWEST

OTTAWA  
June 7, 1990



Mayor R.J. McGhee  
City of Red Deer  
P.O. Box 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mayor McGhee:

This is to acknowledge receipt of a copy of your recent letter to the Honourable Michael Wilson, Minister of Finance, and the Right Honourable Brian Mulroney, Prime Minister of Canada, regarding a freeze of income tax rebate to customers of investor-owned electric and gas utilities.

I trust the Prime Minister and Minister of Finance will respond to your concerns shortly. Thank you for keeping me informed of your views on this matter.

Kindest regards,

Jim Edwards, M.P.  
Edmonton Southwest

JSE\pb

\$41.4 million to \$37.36 million for the fiscal year 1990-91. Another announcement from Public Works, Supply and Services was conveyed to all municipalities in a letter of May 25, 1990 which specifically stated that grants-in-lieu of taxes payments would be 94% of the amount paid in 1989-90.

I would also like to point out that the Provincial Government has been more than generous in terms of providing financial assistance to municipalities. In addition to receiving over \$1.0 million in grants-in-lieu of taxes from my Department in 1990, the City of Red Deer will receive over \$4.2 million by way of a partnership program from Municipal Affairs through their Municipal Assistance, Interest Stabilization and AMPLE programs, over \$1.0 million from Family and Social Services for family and community services, over \$650,000 from Solicitor General for municipal policing services, over \$1.0 million from Recreation and Parks through their Community Recreation - Cultural Program and Urban Parks Program, and over \$4.8 million from Transportation and Utilities for streets and roads. The Government, by way of a partnership program through the Community Facility Enhancement Program has also provided nearly \$1.2 million to the City of Red Deer.

Coming from a small community, I do appreciate your concerns. However, I also recognize that there are many benefits of having Provincial Government buildings in a community. The Provincial Government presence provides employment, readily accessible Government services and a broader tax and consumer base. In addition, although the government is not obligated to pay property taxes, we still wish to provide some financial support to municipalities. Thank you again for your letter.

Yours sincerely,



Ken Kowalski  
Minister

att:

cc: The Honourable Don R. Getty, Premier  
Honourable John Oldring, Red Deer, M.L.A. South  
Honourable Ray Speaker, Minister of Municipal Affairs  
Mr. Stockwell Day, Red Deer, M.L.A. North

Copied to: M. Day, A. Wilcock, A. Roth, C. Sevcik, Members of Council,  
Mr. Ken McCready, TransAlta (July 12/90 - dh)

Minister of Finance



\*Original to C. Sevcik

Ministre des Finances

*file Council*

JUL - 6 1990

His Worship R.J. McGhee  
Mayor of Red Deer  
P.O. 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mayor McGhee:

I am writing in response to your letter of April 11, 1990 addressed to both the Prime Minister, The Right Honourable Brian Mulroney and myself concerning the measures announced in my 1990 Budget to freeze transfers to provinces under the Public Utilities Income Tax Transfer Act (PUITTA) for the 1990-91 and 1991-92 fiscal years.

I would like to thank you for your support of our actions to restrain the federal government's spending. As you know, the federal government is serious in its efforts to reduce the federal deficit. The initiatives announced in my 1990 Budget will aid our efforts to gain greater control over our nation's finances, ease inflationary pressures and reduce interest rates. It was in this context that it was decided necessary to freeze transfers to provinces under PUITTA for two years.

As you know, under the PUITTA program the federal government has transferred to provinces almost all of the federal corporate income tax payable by investor-owned electric and gas utilities. No transfer is made by the federal government to the utilities themselves, nor to their customers. Alberta is one of the few provinces which passes the amount on to the utilities, provided they in turn pass the benefit on to their customers.

.../2

In previous years the Alberta government had also transferred to the utilities the provincial corporate income tax paid, provided the utilities in turn passed the benefit on to their customers. I note that in his 1990 Budget, the Alberta Provincial Treasurer announced the termination of the provincial counterpart of the federal PUITTA program and hence will no longer be transferring to the utilities in the province the Alberta corporate income tax paid by them.

Notwithstanding the federal government's decision to freeze PUITTA transfers to provinces for two years, transfers under the PUITTA program will continue to be significant. PUITTA transfers will total almost \$280 million in each of 1990-91 and 1991-92. Current estimates indicate that 90% of 1990-91 and 85% of 1991-92 eligible income tax collected from qualifying investor-owned utilities will still be transferred to provincial governments through PUITTA. Furthermore, the amendments tabled in the House of Commons to put the Budget announcement into effect in no way change the structure of the PUITTA program.

In your letter you mention the implications the PUITTA freeze might have on the GST liabilities of customers of investor-owned utilities. As you know, the GST is an economic initiative of the first order, the benefits of which will be shared by Canadians in all sectors and regions of the country. But, realizing the economic dividends of the GST requires that the tax be straightforward to operate, and uniform in its application. The modification you have proposed would be inconsistent with these objectives; it would run counter to the basic intent of the GST, which is that it apply to the net price charged to the purchaser. Moreover, a special concession along the lines you have proposed would make it difficult to deny similar requests from other groups in the future. For these reasons, I regret that I am unable to agree to the change you have proposed to the GST treatment of billings by investor-owned utilities.

- 3 -

Thank you for writing to me with your views on the measures, such as the freeze in PUITTA transfers to provinces, that have been taken to help reduce the federal deficit.

Yours sincerely,

A handwritten signature in cursive script, reading "Michael H. Wilson". The signature is written in dark ink and is positioned above the printed name.

Michael H. Wilson

OTTAWA OFFICE  
Room 135, Confederation Building  
House of Commons  
Ottawa, Ontario  
K1A 0A6  
Telephone (613) 992-3046  
Facsimile (613) 992-3049

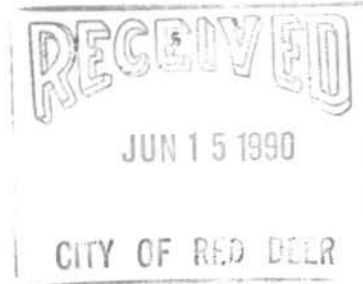


HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
OTTAWA, CANADA  
K1A 0A6

CONSTITUENCY OFFICE  
219 Callingham Professional Centre  
69 Avenue & 177 Street  
Edmonton, Alberta  
T5T 4J5  
Telephone (403) 444-0414  
Facsimile (403) 444-5853

JIM EDWARDS, M.P.  
EDMONTON SOUTHWEST

OTTAWA  
June 7, 1990



Mayor R.J. McGhee  
City of Red Deer  
P.O. Box 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mayor McGhee:

This is to acknowledge receipt of a copy of your recent letter to the Honourable Michael Wilson, Minister of Finance, and the Right Honourable Brian Mulroney, Prime Minister of Canada, regarding a freeze of income tax rebate to customers of investor-owned electric and gas utilities.

I trust the Prime Minister and Minister of Finance will respond to your concerns shortly. Thank you for keeping me informed of your views on this matter.

Kindest regards,

Jim Edwards, M.P.  
Edmonton Southwest

JSE\pb



HOUSE OF COMMONS

CANADA

JACK SHIELDS, M.P.  
ATHABASCA

CONSTITUENCY OFFICE  
BOX 5358,  
FORT McMURRAY, ALTA.  
T9H 3G4  
(403) 743-2498  
ZENITH 22070

April 18, 1990

His Worship  
Mayor R. J. McGhee  
P.O. Box 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mr. McGhee:

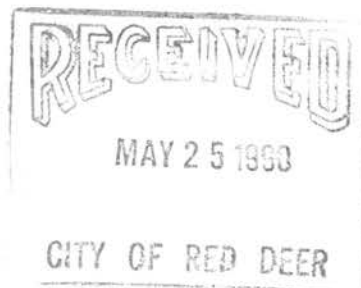
This is to acknowledge receipt of the copy of your letter of April 11, 1990 to Prime Minister Mulroney and to Michael Wilson, the Minister of Finance.

Thank you for keeping me informed in this way and for making me aware of your concerns.

Sincerely yours,

Jack Shields  
Member of Parliament  
Athabasca

JS/cc





CONSTITUENCY OFFICE

P.O. Box 3816  
Towerlane Mall  
Airdrie, Alberta  
T4B 2B9  
(403) 948-3737  
1-800-372-9587  
FAX (403) 948-4022



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
OTTAWA, CANADA  
K1A 0A6

OTTAWA OFFICE

Room 178 Confederation Bldg.  
House of Commons  
Ottawa, Ontario  
K1A 0A6  
(613) 995-3138  
(613) 992-2855  
FAX (613) 995-1635

Louise Feltham, M.P.  
Wild Rose

Ottawa, Ontario  
May 9, 1990

Mayor R.J. McGhee  
City of Red Deer  
P.O. Box 5008  
Red Deer, AB  
T4N 3T4

Dear Mayor McGhee:

Thank you for the copy of your letter to the Hon.  
Michael Wilson, Minister of Finance concerning the government's  
recent move to freeze transfers under the Public Utilities  
Income Tax Transfer Act.

I have made representations to the Minister making him  
aware of my strong support for equality for all ratepayers,  
whether their utilities are supplied by private or public  
interests.

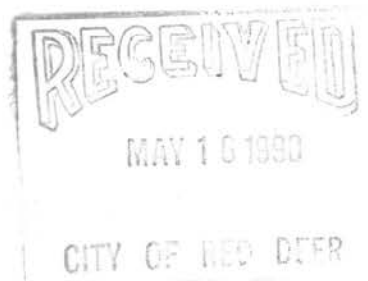
I will continue to monitor this situation and will keep  
in touch with you.

Yours sincerely,

*Louise Feltham*

LF:fs

Louise Feltham, M.P.  
Wild Rose





HOUSE OF COMMONS  
CANADA

LEE RICHARDSON, M.P.  
CALGARY SOUTHEAST

OTTAWA (613) 992-8052  
CALGARY (403) 279-8825

May 2, 1990

His Worship Mayor R.J. McGhee  
City of Red Deer  
P.O. Box 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mr. Mayor:

Thank you very much for sending me a copy of the letter you recently forwarded to the Prime Minister and the Minister of Finance concerning the proposed freeze on transfers under the Public Utilities Income Tax Transfer Act.

I appreciate knowing of your concerns.

Yours sincerely,

Lee Richardson, M.P.  
Calgary Southeast



HOBBEWA OFFICE  
Box 370  
Hobbema, Alberta  
T0C 1N0  
(Maskwachees Mall)  
(403) 585-4101

LEDUC OFFICE  
219 Nortec Building  
5904-50th Street  
Leduc, Alberta  
T9E 6J3  
(403) 986-2992



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
OTTAWA, CANADA  
K1A 0A6

OTTAWA OFFICE  
Room 125  
Confederation Building  
House of Commons  
Ottawa, Ontario  
K1A 0A6  
(613) 995-9364

Wilton Littlechild, M.P.  
Wetaskiwin

O T T A W A  
May 1, 1990

Mr. R.J. McGhee  
Mayor  
Box 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mr. McGhee:

This is to acknowledge receipt of and thank you for copying me on your letter of April 11, 1990 to Prime Minister Mulroney, and Finance Minister Wilson, regarding the freeze of income tax rebate to customers of investor-owned electric and gas utilities.

Needless to say, I appreciate your keeping me informed of your concerns, and hope that you will continue to do so.

Yours sincerely,

W. Littlechild, M.P.  
Wetaskiwin

WL/rm





HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
OTTAWA, CANADA  
K1A 0A6

OTTAWA OFFICE:  
HOUSE OF COMMONS  
OTTAWA, ONTARIO  
K1A 0A6  
(613) 995-2901  
FAX (613) 992-1046

**JIM HAWKES, M.P.**  
CALGARY WEST

CONSTITUENCY OFFICE:  
30, 4500-16th AVE. N.W.  
CALGARY, ALBERTA  
T3B 0M6  
(403) 286-2758  
FAX (403) 286-9772

April 30, 1990.

Mr. R.J. McGhee,  
Mayor,  
P.O. Box 5008,  
Red Deer, Alberta.  
T4N 3T4

Dear Mayor McGhee:

Thank you very much for sending me a copy of your April 11th letter to the Prime Minister. I appreciate you taking the time and effort to share your concerns with me and I hope you will continue to do so.

Again, thanks for sending me a copy of the letter. It does help.

Sincerely,

Jim Hawkes,  
Member of Parliament,  
Calgary West.



OTTAWA OFFICE  
Room 625, Confederation Building  
House of Commons  
Ottawa, Ontario  
K1A 0A6  
(613) 992-4171



HOUSE OF COMMONS  
CANADA

BRIAN O'KURLEY, M.P.  
ELK ISLAND

CONSTITUENCY OFFICE  
Suite 16  
140 Athabasca Avenue  
Sherwood Park, Alberta  
T8A 4E3  
(403) 467-4944

Sherwood Park  
April 25, 1990

Mayor R. J. McGhee  
Office of the Mayor  
P.O. Box 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mayor:

Thank you for a copy of your letter to the Rt. Hon. Brian Mulroney, Prime Minister, and Hon. Michael Wilson, Minister of Finance, dated April 11, 1990.

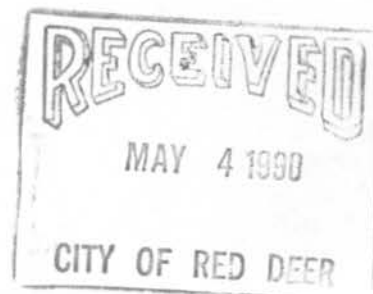
I have taken the liberty of forwarding this correspondence to your Member of Parliament for Red Deer, Mr. Doug Fee. I trust he will respond to your concerns shortly.

Sincerely,

A handwritten signature in cursive script that reads "Brian".

Brian O'Kurley, M.P.  
Elk Island

cc Mr. Doug Fee, M.P. for Red Deer





HOUSE OF COMMONS  
CANADA

HON. HARVIE ANDRE, P.C., M.P.  
CALGARY CENTRE  
OTTAWA PHONE (613) 992-1936

CONSTITUENCY OFFICE:  
1310-11th ST. S.W.  
CALGARY, T2R 1G6  
PHONE (403) 228-4464

1 May 1990

HIS WORSHIP R.J. MCGHEE  
OFFICE OF THE MAYOR  
P.O. Box 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mayor McGhee:

Thank you for copying Mr. Andre on your recent letter to the Prime Minister and Minister of Finance concerning the freeze of income tax rebate to customers of investor-owned utilities. Your letter has been forwarded to Ottawa for Mr. Andre's information.

Thank you for bringing your concerns to our attention.

Yours truly,

Carole Manson (Mrs.)  
Assistant

cc: Harvie Andre, P.C., M.P.  
Ottawa K1A 0A6

2287



Constituency Office:

309 Professional Bldg.  
7 St. Anne St.  
St. Albert, Alberta  
T8N 2X4  
(403) 459-8413

Ottawa Office:

House of Commons  
Rm. 258 Wellington Bldg.  
Ottawa, Ontario  
K1A 0A6  
(613) 992-2349



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

**WALTER VAN DE WALLE, M.P.**  
ST. ALBERT



St. Albert, Alberta  
April 24, 1990

His Worship Mayor McGhee  
City of Red Deer  
Box 5008  
Red Deer, Alberta  
T4N 3T4

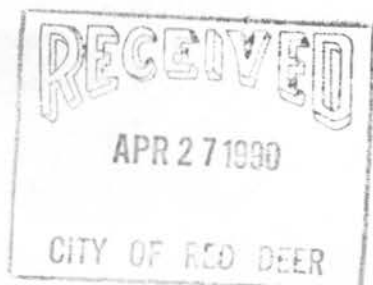
Dear Mayor McGhee:

This is to acknowledge receipt of the copy of your letter to the Right Hon. Brian Mulroney, and the Hon. Michael Wilson, regarding your concerns with the freeze on income tax rebate to customers of investor-owned electric and gas utilities.

Walter is confident that the Minister will respond to your concerns in the near future.

Best regards,

Laurette Pelletier  
Constituency Assistant to  
Walter Van De Walle, MP  
St. Albert Constituency





HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
OTTAWA, CANADA  
K1A 0A6

OTTAWA OFFICE:  
HOUSE OF COMMONS  
OTTAWA, ONTARIO  
K1A 0A6  
(613) 995-2901  
FAX (613) 992-1046

**JIM HAWKES, M.P.**  
CALGARY WEST

CONSTITUENCY OFFICE:  
30, 4500-16th AVE. N.W.  
CALGARY, ALBERTA  
T3B 0M6  
(403) 286-2758  
FAX (403) 286-9772

April 20, 1990

Office of the Mayor,  
P.O. Box 5008,  
Red Deer, Alberta,  
T4N 3T4.

Attention: R.J. McGhee, Mayor

Dear Mayor McGhee:

We are in receipt of the copy of your letter of April 11, 1990 which you sent to Mr. Hawkes regarding the Freeze on Income Tax Rebates to Customers of Investor-Owned Electric and Gas Utilities.

As Mr. Hawkes is in Ottawa at the present time I've taken the liberty of forwarding the copy of your letter to our Ottawa office to his attention.

Thank you for taking the time to inform Jim of your concerns. I can assure you that you will receive his response in the near future.

If we can be of further assistance please do not hesitate to contact us.

Sincerely,

Judi Martin,  
constituency Assistant.







**PUBLIC WORKS,  
SUPPLY AND SERVICES**

Minister responsible for  
LOTTERIES, MAJOR EXHIBITIONS AND FAIRS  
PUBLIC AFFAIRS BUREAU  
PUBLIC SAFETY SERVICES

*File Council*  
*July 23/90*  
Office of Minister  
132 Legislature Building  
Edmonton, Alberta T5K 2B6  
Telephone 403/427-3666  
Fax 403/427-3649

August 30, 1990

Mayor Robert McGhee  
City of Red Deer  
City Hall  
4914 - 48 Avenue  
P.O. Box 5008  
Red Deer, Alberta  
T4N 3T4

Dear Mayor McGhee:

If you have not already heard, I am sure you will be pleased to learn that the Government of Alberta has approved additional funding for the 1990 grants-in-lieu of taxes program. Effective immediately, grants will be paid at the full 1989 level. In addition, I am pleased to advise that a grant increase of 3.0% will be provided to municipalities on eligible properties to compensate for 1990 mill rate increases.

I am personally pleased with this decision as I have received many letters from municipalities expressing their concern with the reduction and with the timing of the announcement.

Unfortunately, the timing of our budgetary deliberations in February did not permit prior consultation with municipalities on the impact of the proposed reduction. I realize that a reduction in grants-in-lieu of taxes would cause some financial difficulties for municipalities, but I would ask that you take into consideration the importance of balancing the provincial budget. Government must reduce its spending. Funding levels for all programs must be considered if we are to achieve this goal.

Communication on issues which affect all Albertans is an important vehicle for ensuring that Government programs reflect the priorities of the citizens of this Province. I would like to thank the many municipal officials who provided their input, particularly, Dr. Ken Sauer, President of the Alberta Urban Municipalities Association and Gordon Miller, President of the Association of Municipal Districts and Counties for their advice and counsel regarding this important matter.

Should there be any particular concerns involving unique circumstances affecting your municipality and the grants-in-lieu of taxes program, please do not hesitate to bring them to the attention of the Department of Municipal Affairs. I look forward to continuing the close working relationship which exists between municipalities and the Province.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Ken', written in a cursive style.

Ken Kowalski  
Minister

cc: Honourable Don Getty, Premier  
Honourable Ray Speaker  
Dr. Ken Sauer  
Mr. Gordon Miller