

Legislative Assembly of Alberta

Title: **Monday, February 1, 1993**

2:30 p.m.

Date: 93/02/01

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

We, Thine unworthy servants here gathered together in Thy name, do humbly beseech Thee to send down Thy heavenly wisdom from above to direct and guide us in all our considerations.

Amen.

head: **Presenting Petitions**

MR. SPEAKER: The Member for Edmonton-Gold Bar.

MRS. HEWES: Thank you, Mr. Speaker. I beg leave to present a petition on behalf of 569 Albertans asking the Legislative Assembly to urge the government to afford children with cleft palates full access to proper dental care so they may grow to be healthy, functioning parts of Alberta's future.

head: **Notices of Motions**

MR. SIGURDSON: Mr. Speaker, at the end of question period today I'd like to seek the unanimous consent of members of the Assembly to consider the following motion:

Be it resolved that this Assembly congratulate the Prairie Land Corporation on its successful bid, announced last Friday by the government of Alberta, to lease and renovate the historic federal building, a project which will generate much needed work for union members whose pension funds are underwriting this project and create 209 beautiful apartments in central Edmonton where housing is in high demand.

head: **Introduction of Bills**

Bill 343

Municipal Government Amendment Act, 1993

MR. McINNIS: Mr. Speaker, I request leave to introduce a Bill, being Bill 343, the Municipal Government Amendment Act, 1993.

The purpose of the Act, Mr. Speaker, is to allow municipalities to control commercial logging activities within their borders, such as those which have resulted in the recent export of raw logs, and also to allow urban municipalities to protect trees which are significant by reason of their heritage or landmark value.

[Leave granted; Bill 343 read a first time]

Bill 339

Medical Profession Amendment Act, 1993

MS BARRETT: Mr. Speaker, I beg leave to introduce Bill 339, Medical Profession Amendment Act, 1993.

Mr. Speaker, this would enable physicians in the province of Alberta to practise chelation therapy and would also enable Albertans who wish to receive chelation therapy to not have to go to the province of British Columbia or other jurisdictions at enormous expense. It's my pleasure to introduce this Bill today.

[Leave granted; Bill 339 read a first time]

head: **Tabling Returns and Reports**

MR. FOWLER: Mr. Speaker, I would like to file with the Assembly through yourself four copies of the Legal Aid Society of Alberta 1992 annual report.

MS BARRETT: Mr. Speaker, it's my pleasure today to file with the Assembly five copies of a motion sponsored today in the House of Commons by Ross Harvey, MP for Edmonton East, and unanimously accepted by the members of the House of Commons congratulating K.D. Lang on receiving the best contemporary artist award at the American Music Awards on January 25, 1993.

head: **Introduction of Special Guests**

MR. KOWALSKI: Mr. Speaker, in the members' gallery today are 18 students from Neerlandia school. They're accompanied by their teacher Mr. Jim Bosma and three parents who also serve as helpers: Janice Wierenga, Lambert Veenstra, and Andrew Tuininga. I might add as well that in addition to the school students there are also two younger children: Diana Bosma, who's aged four, and James Bosma, age 6. They're in the members' gallery. We would ask them to rise and receive the warm welcome of the Legislative Assembly.

MS BARRETT: Mr. Speaker, I have the pleasure of introducing a very large group of people to you and through you to members of the Assembly today. They are members of the EDTA Chelation Association of Alberta, mainly from the Edmonton chapter, though I understand some people have driven in from Camrose and farther away. I'll introduce their executive members, and perhaps they would rise as I say their names: Stan Powers, president; Dr. Ross Cairns, vice-president; Marg Haines, secretary/treasurer; Earl Ayre, director; and Don Wassill, director of the board of the association. I'd ask all other members to rise and receive the warm welcome of this Assembly on this special occasion.

head: **Oral Question Period**

Delvee Ranch

MR. MARTIN: Mr. Speaker, last week we found out that the former minister of social services did not move to close down Delvee Ranch because of his fear of legal action. Now, even if that had been the case, it was the wrong reason, as I said the other day. Yet in the briefing note that I tabled last week, it was clear that all the department had to do was let the Delvee contract expire, and there would be no legal recourse. That's all they had to do. I'd point out that that would have ended in June of 1992, saving these vulnerable people months of abuse. I again remind the social services minister that he was the chairman of the Conservative caucus at that particular time. To the minister: will the minister tell this Assembly why the government did not simply let the Delvee contract run out last June?

MR. CARDINAL: Mr. Speaker, I appreciate that question. It gives me an opportunity to indicate my actions since my last visit just over a week ago in that situation. As I indicated, after the visit I took action within four days to make sure that the interests of the residents and the parents who care for the residents, very much so, are looked after first. The licence for that particular facility ended on Sunday. As of today seven people have been moved out of the facility, and as of Thursday of this week we'll have the balance of up to 18 people located in proper places.

In addition to that, our government does care for these people first of all. Like I say, residents of this nature are the number one

priority for this minister. I had the public guardian on 24 hours over the weekend in that place. The facility is only getting a licence on a day-to-day basis until the move, the transition is completed. In addition to that, I had the deputy minister, the assistant deputy minister, and support staff monitoring the situation over the weekend. So I would say to the Leader of the Official Opposition that our government does care. This minister has taken the action that is necessary to resolve the situation for now.

2:40

MR. MARTIN: Mr. Speaker, we know what happened four days ago. The question was: why didn't they do something in June of last year? The minister skirted the answer to that question.

Let's move on, because obviously we're not going to get an answer there. Mr. Speaker, another memorandum that I would like to file today with the Assembly I think begins to tell us part of the problem that we have. It says here, "Historically we have not gone to contracted facilities on unannounced inspections." That was from the supervisor/consultant of family support services, licensing. Historically they don't do this; they don't go on unannounced visits. Well, if you let people know ahead that you're coming, there are obviously going to be some changes in that particular institution. So my question to the minister is simply this: how could the government justify this policy of not having unannounced visits to private institutions, especially when you're dealing with vulnerable clients such as these?

MR. CARDINAL: Mr. Speaker, again I'd like to indicate this minister's quick action on the issue. It took a very short while before I took action. I am very disappointed and surprised at the attitude taken by the Leader of the Official Opposition in the whole process, because for the benefit of his politics maybe he's using the handicapped people at that facility for his own political gain.

MR. MARTIN: Mr. Speaker, that's absolute nonsense. It was this government that allowed these people to be vulnerable, and that minister sat over there as the chairman of the caucus. Don't hand us that, Mr. Minister.

Now, we know for sure that the political masters interfered with their own department here, Mr. Speaker. We know that for sure. From the Delvee Ranch people have to wonder how many other vulnerable people are out there because of this government's policies. My question now to the Attorney General is simply this: would the Attorney General, then, convene an independent, impartial investigation into the Delvee Ranch so we can find out why the government refused to move and shut down this ranch?

MR. FOWLER: Mr. Speaker, I've been listening very carefully to the questions and answers that have developed in this House over the past two weeks. At this point in time I have not heard anything that indicates the necessity to be calling an independent board of inquiry or study.

MR. SPEAKER: Second main question, the Leader of the Opposition.

MR. MARTIN: I'd like to designate my second question to the Member for Edmonton-Kingsway.

North West Trust Company

MR. McEACHERN: Thank you. Mr. Speaker, as part of the bailout of North West and Heritage trust companies in 1987 the

government set up a numbered company called Softco to handle the faulty real estate and mortgage properties. Now, Softco has been losing money since day one and now has an accumulated \$68 million deficit. To the Provincial Treasurer: given that the government has already put up \$19.6 million in the last two years to cover Softco losses, how much more money can taxpayers expect to lose in this company before Softco is wound up?

MR. DINNING: Mr. Speaker, as usual the hon. member is taking a rather narrow and distorted view of the management of North West Trust Company. If the government had not at the time in 1987 stepped in with the Canada Deposit Insurance Corporation, who invested \$275 million, in making sure that the North West Trust Company was kept whole, that Alberta taxpayers were protected, and most importantly that depositors were protected, then this company would have gone down and Albertans across the province would have been dramatically affected. Instead what happened was that through the good work of the Deposit Insurance Corporation, as well as the government creating Softco to take what were then the marginal or soft assets that got North West Trust Company in problems in the first place, there has been an orderly disposition of those holdings so that both taxpayers and depositors have been fully protected.

MR. McEACHERN: Mr. Speaker, the Treasurer can dress it up any way he likes. The fact of the matter is that the government set it up so that North West Trust would show a profit and Softco would show the losses.

Now, given that these so-called profits from the sale of North West Trust have to be offset against those losses from Softco, will the minister be honest and admit to Albertans that the losses from Softco are going to be greater than any profit he can expect to get from the sale of North West Trust?

MR. DINNING: Mr. Speaker, I will do no such thing. The orderly disposition of the assets held by Softco are such that the assets of North West Trust Company combined with the assets of Softco in fact slightly exceed the liabilities of Softco today. More importantly, what we have in this province is North West Trust Company, a viable, successful, profitable company with nearly a billion dollars in assets, a trust company headquartered in Edmonton, Alberta, operating successfully, unlike any other trust company in the dominion, most of which are taking a bath in the markets today.

MR. McEACHERN: Mr. Speaker, even if we use the government's own figures, he's saying that he might get a profit of \$35 million from the sale, and he's made allowance in the public accounts for a loss of \$42.9 million on the Softco side.

Now, then, Mr. Speaker, this tangled financial web involving North West Trust also extends to another government boondoggle called NovAtel. Given that the North West Trust Company has a management agreement to collect on the \$300 million NovAtel systems financing portfolio, how will this agreement be affected by any sale of North West Trust to the private sector?

MR. DINNING: Well, Mr. Speaker, the hon. member has a number of questions. First of all, there is not a sale of North West Trust right now. We have said quite openly and honestly that if a suitable offer comes forward from Albertans, we will carefully look at that offer.

Mr. Speaker, I had a little fun. I had to go back and find out how much this Assembly provides to the opposition across the way to do research. It's a million dollars a year. [interjections]

A million dollars a year for research. The hon. member is looking for the answer. [interjections] The answer is found on page 80 of the Auditor General's NovAtel report, which was released to all members in September of 1992, which makes it very clear that there is a management agreement between the government and North West Trust to manage and dispose of in an orderly way the assets that were left over from the NovAtel companies. That agreement is spelled out; it's very clear. It's on page 80. If you'd go back and suggest it to your researchers, who get a million dollars a year to do that kind of research, they'll see very clearly that it's in a public document. [interjections]

MR. SPEAKER: Order. [interjections] Order.

MR. MARTIN: Where's Johnston when we need him?

MR. McEACHERN: We want Dick back.

Speaker's Ruling Decorum

MR. SPEAKER: As far as we know, that hon. member is still here.

The other thing is, hon. Member for Edmonton-Kingsway, when you ask the questions, please don't keep shouting back and forth. Edmonton-Glengarry, on behalf of the Liberal Party.

Gainers Inc.

MR. DECORE: Mr. Speaker, there's a big cloud that hangs over Alberta because of NovAtel. There are lots of other black clouds, and one of them is the relationship of this government with Gainers and Pocklington. My questions are to the minister of agriculture in that regard. Pocklington was able to negotiate – I wonder if that's the right word – \$67 million out of the government for Gainers and a hog processing plant in Picture Butte. How he was able to negotiate a hog processing plant when there is no hog processing plant and to see him put \$6 million in his pocket: it's truly unbelievable. The taxpayers of Alberta got hosed, but what's sad and continues to be another black cloud widening is the fact that hog producers continue to be hurt by this process. My first question to the minister is this. Taxpayers have owned Gainers since 1989. We're told that \$67 million has gone to Pocklington, but we haven't been told about the moneys that are being paid out on a yearly basis or monthly basis. I'd like the minister to tell Albertans exactly how much money on a yearly and monthly basis is going into that Gainers operation.

2:50

MR. ISLEY: Mr. Speaker, Alberta Agriculture is not involved in any way in the financing of Gainers. I'd defer that question to the Treasurer if he wishes to respond.

MR. DINNING: Mr. Speaker, the subject of the financial relationship between Mr. Pocklington and his companies and the provincial government is in the courts, and we are pursuing that legal and financial matter with the full force of a very solid case in some 14 legal disputes. I'm prepared to stand before this Assembly and say to all hon. members and to all Albertans that we are going after Mr. Pocklington on a legal and a financial basis with the full force of the law behind us.

MR. DECORE: I can't understand why he continues to laugh in your face and in the face of all the other ministers when you say that you're "going after Mr. Pocklington." What a bunch of nonsense, and you know it, Mr. Minister.

My second question to the minister of agriculture is this. We were told a year ago that there were some four prospective buyers of Gainers. I now know that three have flown the coop, Mr. Minister. I want to be assured in the same way that the 2000 conference asked for the assurance of government that there be no loans and no loan guarantees and no grants into the marketplace. I want the minister to assure taxpayers in Alberta that this last prospective buyer has not been given some sort of assurance by the minister that there are going to be loans or loan guarantees or grants. Will you assure Albertans about that?

MR. ISLEY: Mr. Speaker, the hon. leader of the Liberal Party seems to be very well informed on who is interested and who is not interested in Gainers. I'm not aware of three potential buyers flying the coop. Interest has been expressed and continues to be expressed in Gainers by more than one firm. I can assure the hon. leader and the House that at this point in time this minister has promised no loans, no loan guarantees, and no grants to anyone he has been talking to.

MR. DECORE: Mr. Speaker, the report that the minister refuses to let out on this whole issue, a report that we in fact had to leak, shows that some \$20 million or \$25 million . . . You think it's funny, Mr. Minister? I don't think it's funny. Twenty or twenty-five million dollars a year is being lost to hog producers, and you're laughing over there, laughing at the hog producers. I don't think it's funny, Mr. Minister. Do you think it's funny? [interjections]

MR. SPEAKER: Order, please, hon. member. [interjections] Order, hon. minister. Let's have the question. It's the final supplementary, not a whole series of comments.

MR. DECORE: Mr. Speaker, I want to know from the minister when he's going to stop this bleeding and hurting of the hog industry. When is that going to stop?

MR. ISLEY: Mr. Speaker, I can assure the hon. member and the House and anyone listening that I was not laughing at the pork producers of this province. I was amused by the antics of the member opposite and his comments about the report that they leaked, which I believe was the interim report of the so-called blue ribbon committee, which was completed a year ago in September. Then the committee was expanded and did some more extensive work.

The losses to the industry that the hon. member is talking about are losses that have been projected by that committee because of the number of plants around western Canada that are involved to some degree in the processing of pork and attempting to project what our industry would look like if you had a world-class North American style plant where the pig went in the back door and the processed pork came out the front door. To build that type of plant and bring that type of expertise to the prairies is going to take a company with some dollars and some good management expertise. That's the dream of the industry some day. You're not going to bring those savings by simply closing Gainers.

Speaker's Ruling Sub Judice Rule

MR. SPEAKER: The whole issue of course, hon. members are reminded, is in *Beauchesne* 410(15), the matter of sub judice. One must be very careful.

The Member for Calgary-Millican.

Delvee Ranch

(continued)

MR. SHRAKE: Thank you, Mr. Speaker. It seems that our new Minister of Family and Social Services has made the decision to close the Delvee Ranch at Claresholm. The very serious decision I guess was made after reviewing all the reports and going down and visiting the site and so on. My question to the minister is: what is your department doing now to ensure that the residents there have a place to go?

MR. CARDINAL: Mr. Speaker, I'd like to indicate again to the House that the orderly move of the clients at Delvee has commenced, and we are doing it in a caring and compassionate way. Only a few of the parents haven't agreed to the move to date, and we'll continue moving forward with it.

MR. SPEAKER: Supplementary, Calgary-Millican.

MR. SHRAKE: Thank you, Mr. Speaker. We've heard a lot of rhetoric here today over this matter, but it seems that some of the parents actually wanted to keep the place open, strangely enough. What is the minister doing at this point regarding the licence for this facility?

MR. CARDINAL: Mr. Speaker, the licence for the facility will remain as long as there are more than four residents at the facility. As the move goes on this week, I would hope that by Thursday of this week we would have over 18 of the people moved out of the facility.

MR. SPEAKER: Edmonton-Calder, followed by Edmonton-Gold Bar.

MS MJOLSNESS: Thank you, Mr. Speaker. Even though the government's licence for Delvee expired yesterday – and the minister has indicated that – he has also stated today that there are several individuals still at Delvee. There is concern about them remaining there and what alternatives they have. I would like to table an excerpt from a report written for the assistant deputy minister in March of 1990, which states that “one of the reasons people have been placed in Delvee programs is the lack of adequate funds to develop other appropriate services.” It goes on to recommend adequate funding so that programs can be developed. The Minister of Family and Social Services stated today that residents are being moved to “proper places.” I'd like to ask: what action is the minister taking to finally make available adequate funds to develop long-term, quality programs, that are so long overdue?

MR. CARDINAL: I just would like to indicate again, Mr. Speaker, that part of the welfare reforms that this minister is looking at along with our government is to make sure that the department's responsibility for looking after the needy, the elderly, the handicapped, and the children that can't fend for themselves is the number one priority. On the other hand, though, the people that are employable and trainable want an alternative also. Part of that overall process will include reprioritization and redirection of dollars towards people that are needy.

MS MJOLSNESS: Well, Mr. Speaker, in light of what has happened here, those words are of very little comfort.

I'd like to table, Mr. Speaker, a department report completed in July 1990 on services available to people with autism. This report

points out that there are long waiting lists for residential services and that current residential staff are often inadequately trained to accommodate individuals with autism, and certainly this was the case at Delvee. I'd like to ask: what steps is this minister willing to take to ensure that more residential facilities become available and that the staff working in these facilities are properly trained?

MR. CARDINAL: Mr. Speaker, one of the priorities of this minister of course is again to look at facilities of this nature. Within one month of being appointed minister, I have already toured 11 facilities that either deal with handicapped children or handicapped adults and so on. I am seriously interested.

I want to indicate again to the hon. member that my priority in welfare reforms is to make sure that we redirect dollars where they should be, and that's to make sure that we look after the needy, the children, and the handicapped. On the other hand, Mr. Speaker, I want to assure the member that we will also be assisting the employables and trainables. When you find that the employables and trainables in our system are working, it will provide more dollars for the people that are really needy.

MR. SPEAKER: Edmonton-Gold Bar.

Disabled Children's Support

MRS. HEWES: Thank you, Mr. Speaker. Last year we revealed problems and inconsistencies in the way that this government approves funding for handicapped children. We found several cases where Edmonton families, for instance, were denied funding yet the same requests were automatically granted elsewhere. The minister's response to families struggling to provide for their handicapped children was to order yet another government review to be finished last May. My questions are to the Minister of Family and Social Services. Where is the action? What are you doing about handicapped children's services?

3:00

MR. CARDINAL: Mr. Speaker, I know this report is completed, and I will be reviewing it in the near future.

For the House I'd also like to indicate that our present budget in that particular area is \$19 million. We serve over 6,000 people now and have over 50 staff working in that department.

MRS. HEWES: Mr. Speaker, these families are really seriously deprived. To the minister: what's the real agenda here? Why is the minister chiseling needy Alberta families to save money?

MR. CARDINAL: Mr. Speaker, you can be assured that this minister's number one priority and our government's number one priority is to look after the needy, the handicapped, the children, and the people who can't fend for themselves. Again I want to assure the public that part of the reforms will be dealing with the employables and trainables that are on assistance now and don't want to be on assistance and want to get back in the work force. This minister will make sure that it is a priority item. When that happens, you will see that more dollars will be available for the needy.

MR. SPEAKER: Lethbridge-West, followed by Edmonton-Centre.

Homeless Persons' Shelter

MR. GOGO: Thank you, Mr. Speaker. I have a question as well for the hon. Minister of Family and Social Services. The *Economist*, Stats Canada, and the government of Canada tell us that the

recession is over, yet it continues certainly in Lethbridge-West and Lethbridge-East to be a major factor about unemployment and the needy. I'm very encouraged to hear the hon. minister state that his priorities are with the needy, the handicapped, and certainly the indigent seniors. I'd like to ask the hon. minister if he's had an opportunity to review an application sent to him from the constituency of Lethbridge with regard to an emergency shelter which would accommodate the street people. It's an application to Municipal Affairs to construct it as long as the Department of Family and Social Services would agree to providing funds for those who now qualify for social assistance who would occupy it.

MR. CARDINAL: Mr. Speaker, first of all, I'd like commend the community's interest and the community's volunteer work in such an important area. I haven't received the detailed application yet, and there are financial implications in that process. I would hope that when it does come in in a formal manner, I will have an opportunity to review it at that time.

MR. GOGO: Mr. Speaker, I'm very much encouraged by the minister's attitude.

Could the minister assure me as the Member for Lethbridge-West that if indeed the proposal ended up as a reduction in the cost to this government of providing that service and if the group that's submitting the application wished to meet with the minister, the minister would both approve the program and certainly agree to meet with the people concerned?

MR. CARDINAL: Yes, Mr. Speaker. Part of this minister's responsibility is to make sure, again, that we provide a high quality of service to Albertans that are needy, and anywhere we can streamline a service and provide better service for those people, this minister will sit down with those groups.

MR. SPEAKER: Edmonton-Centre.

Vencap Equities Alberta Ltd.

REV. ROBERTS: Thank you, Mr. Speaker. Last spring I seriously questioned the investment of over \$2 million by Vencap Alberta in a U.S. based restaurant chain called Western Sizzlin. I hate to say I told you so, but within six months the downtown restaurant has gone bust. Western Sizzlin has become Western Fizzlin. Now I hear on the grapevine, so to speak, that Vencap is making a bad situation even worse by pumping in a reported additional \$2 million not to assist struggling Alberta entrepreneurs to create jobs for the next century but to bring Don Cherry, his sports bar and dog, Blue, to downtown Edmonton. Will the Minister of Economic Development and Tourism agree to join with me in meeting with the board of Vencap to point out to them that the spirit and intent of Vencap is poorly served by investing heritage fund money in an established Ontario-based enterprise called Don Cherry's Sports Bar?

MR. SPARROW: Mr. Speaker, I'd be glad to have the member join with me and meet with them. I have a meeting scheduled to meet with them to be briefed on what their activities are. Over the past history they have definitely been criticized for some of their ventures outside the province. I understand that that's a very low percentage of their total investments.

REV. ROBERTS: Well, low percentage or not, Vencap has recently lost \$2 million in D & S Petroleum, \$2.9 million in Sun Country Foods. Now, the \$2 million in Western Sizzlin returned

only an average of 3 percent to the trust fund in terms of its \$200 million loan, a pretty bad investment, I should add. Will the minister along with the Treasurer and the Premier, who now want to put everything on the table, work to get government money out of Don Cherry's Sports Bar and into the hands of genuine, innovative, Alberta-based entrepreneurs who want to create real jobs for the future?

MR. SPARROW: Mr. Speaker, I think it's very important to understand that Vencap is a public company. It has 20,000 shareholders. It trades on the Alberta Stock Exchange. It is run as a venture capital company set up by this government at arm's length from government to make investments, to work with and encourage and assist in the creation and development and expansion of our economy in the province. Their total package has to be looked at, and we do not intend to get involved in every public company and each and every transaction. I know we do get criticized for their outside activities, and I will look into the sports bar issue.

MR. SPEAKER: Edmonton-Avonmore, followed by Calgary-McKnight.

Human Rights Commission

MS M. LAING: Thank you, Mr. Speaker. My questions are to the minister responsible for human rights. Most Albertans believe that human rights are issues of equality and fairness, not of morality, as the minister responsible for human rights has been quoted as saying. In view of her statements and her commitment to review the future of the Human Rights Commission, will she now dispel concerns that important decisions are about to be made as to the future of the Human Rights Commission by a partisan group of Tory MLAs and commit instead to public consultation, including representation from women's, ethnic, and multiculturalism groups and others who face discrimination?

MRS. MIROSH: Well, Mr. Speaker, the unfortunate part about the member opposite is that she doesn't talk to me about what my plans are. It is the intent and I've always stated that it's the intent of this government to review the Human Rights Commission's mandate. This government supports quality of life and will continue to do that. I've stated in this House a number of times: it is the intention to consult Albertans on an ongoing basis.

MS M. LAING: Well, Mr. Speaker, this isn't my idea of consultation. The concern is that groups want to be consulted.

My second question. Although the former Premier ridiculed an open process to select the chief commissioner, the former Minister of Labour put in place just such a process. In view of this present government's alleged commitment to open government, will the minister now dispel troubling rumours that former health minister Marvin Moore is about to be appointed chief commissioner and commit herself to returning the process of selection to the citizens' committee established in May of 1992?

MRS. MIROSH: Mr. Speaker, I have never made that statement about any person who will be appointed to this chief commissioner's job. It is my intention to be very careful in selecting the person most qualified for this job. I am still reviewing the applications that have been submitted, and there is a mass of them. It is my intention to appoint that chief commissioner as soon as possible, but care must be given to that appointment.

MR. SPEAKER: Calgary-McKnight.

Education Standards

MRS. GAGNON: Thank you, Mr. Speaker. My questions today are to the Minister of Education. I was contacted on the weekend by dozens of parents, teachers, and students who indicated that last Friday's math 30 exam was extremely difficult even for the most gifted students. Because of budget cuts in the department, teachers had very little input in setting the exam, and there was no pilot testing of exam questions. My question to the minister is this: will the minister order a review of the exam to find out what went wrong in order to prevent similar occurrences in math and in other subjects in the future?

MR. JONSON: Mr. Speaker, to date I'm not aware of any particular difficulty with the mathematics 30 examination. Certainly the whole matter of the quality of examinations and the ability of students to perform on them is very, very important, and I'll certainly take the concern that the hon. member raises under review.

3:10

MRS. GAGNON: I thank the minister for that, Mr. Speaker.

As we know, math 30 was a big problem last year as well, and math 30 is required for many postsecondary programs. So my second question to the minister is this: is there a new orientation in the department to set the standards deliberately high in order to turn away even more students from an already inaccessible postsecondary system? That's the suspicion.

MR. JONSON: Mr. Speaker, there is certainly no tactic such as the Member for Calgary-McKnight refers to. As has been indicated previously by my predecessor and myself, we are concerned about the mathematics 30 examination and the results attained thereon. Work is going forward to review math 30 and for that matter the entire mathematics program for the high schools and elementary and junior high schools of the province.

MR. SPEAKER: Thank you.

Redwater-Andrew.

Drought

MR. ZARUSKY: Thank you, Mr. Speaker. My question today is to the minister of agriculture on the northeast drought area and some of the problems that farmers are going to be faced with this coming year because of our weather situation. The way it's evolving, with not as much snow as we expected but thaws happening, dugouts probably will not be filling up. Some of my constituents have contacted me and recommended a regional water source identification and also an identification for site location. Has the minister considered something like this for the farmers of the northeast area?

MR. ISLEY: Mr. Speaker, there have been discussions between the minister and minister's staff and representatives from northeast Alberta on the very issue the member brings up. At this point in time I would say that they are strictly at the exploratory discussion stage.

MR. ZARUSKY: Mr. Speaker, my supplementary is to the Minister of Transportation and Utilities. You can see that it's so dry out there that my throat's sore already. Not only are the farmers suffering but also some of the villages in the area. I

know of one village in the area that's got a water problem, where they're hauling water for their residents. Has the minister had any indication from some of these villages on what could be done for them?

MR. TRYNCHY: Mr. Speaker, I'm not aware of the concerns the hon. member raises, but I'd certainly be willing to sit down with him and his villages to go over it. We do have one of the better utilities programs anywhere in Canada, so if he would bring that forward to me, I'd certainly sit down with him and try to review it and see if we can do something.

MR. SPEAKER: Vegreville, followed by Edmonton-Whitemud.

Canadian Wheat Board

MR. FOX: Thank you, Mr. Speaker. The minister of agriculture and his Conservative colleagues are always on the lookout for ways to tear down the Canadian Wheat Board. Their push for a so-called continental market for barley is not only opposed by the wheat pools, the National Farmers' Union, and Unifarm, but it's discredited by a number of industry experts. Can the minister of agriculture tell the farmers of Alberta why he seeks to lower their already inadequate returns for barley and undermine the effective operation of the Canadian Wheat Board?

MR. ISLEY: Mr. Speaker, it's unfortunate that the hon. Member for Vegreville wasn't in Lethbridge with me last week, where 130 barley growers were gathered, meeting with the Wheat Board, and lobbying very, very hard for a continental barley marketplace. The Western Barley Growers annual convention is in Red Deer on, I believe, February 10 or 12. Maybe the hon. member would like to join me and go down and talk firsthand to producers. We had Angus Reid do a survey just recently - by recently I mean late fall - which shows that 72 percent of Alberta producers would prefer (a) either a full, dual marketplace in the world, (b) barley totally out from under the board, or (c) the continental barley market proposal. Only approximately 26 to 28 percent of those people surveyed indicated that the status quo was acceptable in the future.

MR. FOX: I'm sure that if he surveyed the active members of the barley growers commission, which he set up with taxpayers' money, that's the kind of answer he'd receive, but I'd remind the minister that there are tens of thousands of farmers in Alberta that have a stake in this.

I'd just like to ask the minister: given that he's indicated that he would entertain the idea of a plebiscite of all producers to decide whether or not domestic barley sales should be taken away from the Canadian Wheat Board, would he then agree to support our position that a producer plebiscite should be held to determine whether or not additional grains and oilseeds should be added to the Canadian Wheat Board jurisdiction?

MR. ISLEY: Mr. Speaker, I would hope the hon. member would not confuse the Barley Commission with the Western Barley Growers. The Barley Commission has not taken a position on the continental marketplace. It's studiously avoided doing it because the Barley Commission, as he well knows, was set up to research and to promote their product. Down the road they may get more involved in policy issues, but at this point in time they're concentrating on those two things.

The hon. member should know that I believe it was this minister that first indicated that we should look at a plebiscite. Ideally that

plebiscite should be carried out by the Canadian Wheat Board or the federal government in the total Canadian Wheat Board area, because it wouldn't make much sense unless we're prepared to leave the board to simply run a plebiscite in Alberta itself.

There's a round table, I believe, under the regulatory review process that is dealing with the barley issue. Whether that round table will make specific recommendations with respect to changing the board's control over barley or whether it will recommend that a plebiscite be conducted, I have no way of knowing. So we'll only have to wait and see what recommendations come from the round table discussion.

Video Lottery Program

MR. WICKMAN: Mr. Speaker, a report commissioned by this government on gambling and addiction prepared by Garry Smith at the University of Alberta has still not been released to the public. To the minister responsible for lotteries: has the minister's greed for lottery dollars completely overshadowed his social responsibility?

MR. KOWALSKI: Absolutely not, Mr. Speaker.

MR. WICKMAN: Mr. Speaker, my second question to the minister: is the minister prepared to commit in this House this afternoon to release that document so all members of the public are entitled to read it and gain from that information?

MR. KOWALSKI: Yes, Mr. Speaker.

MR. SPEAKER: Westlock-Sturgeon.

Ethanol

MR. TAYLOR: Thank you, Mr. Speaker. Ethanol blended gasoline containing between 5 and 10 percent ethanol is the only fuel that has been awarded the federal Eco Logo. The use of fuel ethanol and gasoline reduces toxic emissions into the atmosphere and reduces the use of nonrenewable fossil fuels as well as reducing carbon dioxide. In addition, of course, the production of ethanol provides important economic markets to farmers. Now, a question to the Minister of Energy: apart from the fact that ethanol is now exempt from tax, admittedly, what is this government doing to require that all gasoline sold in this province has 10 percent ethanol?

MRS. BLACK: Mr. Speaker, I think the question is better suited to the minister of the environment.

MR. SPEAKER: The Minister of Environmental Protection.

MR. EVANS: Thank you, Mr. Speaker. The hon. member across has indicated, and quite correctly so, that ethanol is a very environmentally friendly fuel. We have looked at the subsidization of ethanol currently, and we're trying to see whether the increase in environmental protection is justified given the industry itself and what they are asking for in terms of an overall subsidy. It could be as much as 23 cents, 24 cents, or 25 cents a litre, and that is of course a concern to us. As I say, this is something that we are trying to get a balance on: to ensure that we do use an environmentally friendly fuel source and that we are fiscally responsible.

3:20

MR. TAYLOR: Mr. Speaker, of course the Minister of Energy becomes involved in that they need the permission of the Minister

of Energy in order to cut back gasoline and oil in order to put 10 percent ethanol in. Secondly, a subsidy is not needed, if I may bring the minister of the environment up to date. All that is necessary is that we rule, as some political jurisdictions in the U.S. have done, that gasoline has to have 10 percent ethanol in it.

MR. SPEAKER: Question.

MR. TAYLOR: Let free enterprise look after who puts it in. Why isn't he moving on that?

MR. EVANS: Well, thank you, Mr. Speaker. With all due respect to the hon. member across, I don't come to the same conclusion that he does in terms of whether or not the industry is asking for a subsidy. We are continuing to look at this. This is an important issue to our grain producers in the province of Alberta. We will come forward with a position on this in consultation with my good friend the Minister of Energy and the other members of our caucus just as quickly as we possibly can.

MR. SPEAKER: Wainwright.

MR. TAYLOR: When?

MR. SPEAKER: Wainwright, not Westlock-Sturgeon.

Grain Transportation

MR. FISCHER: Thank you, Mr. Speaker. My question is to the minister of agriculture. For years the western grain transportation issue has remained unsolved, and as our world trade patterns change, this issue does become more and more important to Alberta's secondary agriculture processing. The previous federal Minister of Agriculture indicated that he was prepared to move on this issue this year. Has the minister had any communication with our newly appointed federal Minister of Agriculture, and what was his position on this issue?

MR. ISLEY: Yes, Mr. Speaker, I've had recent discussions with the Hon. Charlie Mayer, who I might add as an aside was quite involved in the discussion on transportation issues prior to his taking the portfolio, because as the minister responsible for the Wheat Board, he always attended our federal/provincial ministerial meetings. Mr. Mayer would certainly like to bring this thing to a conclusion between now and spring. I'm hopeful that we can do that. The fact that he has Mr. McKnight and Mr. Mazankowski both on the priorities committee may help when it comes down to the crunch. I would also point out that as the hon. Member for Wainwright indicated, our value-added processing industry is very interested in seeing this change come about.

If I could go back to the issue raised by the hon. Member for Westlock-Sturgeon, the viability of an ethanol industry becomes one step closer with a change in the method of payment.

MR. SPEAKER: Supplementary.

MR. FISCHER: Thank you. My supplementary, then, is: is there any further indication that the GATT negotiations will force or influence this change to come a little quicker?

MR. ISLEY: There's no doubt in my mind, Mr. Speaker, that if – and I underline the word “if,” – there is a GATT agreement, it will force a change of some type in the method of payment. To do nothing is to watch the reduction that the federal treasurer put

out: 10 percent next crop year; 10 percent the next crop year. That's the status quo under a GATT agreement. Whether or not there will be a GATT agreement I hesitate to predict at this point in time. I think everyone who's interested in an agreement is watching new President Clinton very closely.

MR. SPEAKER: Question period has expired.

head: **Motions under Standing Order 40**

MR. SPEAKER: A Standing Order 40 request. Edmonton-Belmont, speaking to urgency only.

MR. SIGURDSON: Thank you, Mr. Speaker. Last Friday the Deputy Premier, the Minister of Public Works, Supply and Services, announced that the historic federal building would be developed and leased to the Prairie Land Corporation. This announcement ushers in a new era of construction development for our province in that a number of Alberta-based union pension funds will be used for the redevelopment of the federal building into 209 apartment units. As I said, this is a new development in the construction industry in Alberta, and I believe that it's important that this Legislative Assembly recognize this new era. So should I receive unanimous consent to present this motion, I'll speak to it briefly.

AN HON. MEMBER: How come it wasn't Edmonton-Centre's.

MR. SPEAKER: Request under Standing Order 40 requiring unanimous consent. All those members in favour of granting unanimous consent for the matter to proceed, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Granted.
Edmonton-Belmont.

Federal Building Renovations

Moved by Mr. Sigurdson:

Be it resolved that this Assembly congratulate the Prairie Land Corporation on its successful bid, announced last Friday by the government of Alberta, to lease and renovate the historic federal building, a project which will generate much needed work for union members whose pension funds are underwriting this project and create 209 beautiful apartments in central Edmonton where housing is in high demand.

MR. SIGURDSON: Thank you, Mr. Speaker, and thank you to the Legislative Assembly. To answer your question, my dear colleague, as a member of the construction general labour union local 92 I'm most pleased to present this motion. The labourers' pension fund is one of 14 pension funds that pooled more than \$15 million to capitalize the Prairie Land Corporation. The Prairie Land Corporation will be managed and directed by trade unionists in Alberta and will focus on the development of quality housing for the rental and sales markets. The corporation additionally will provide a secure investment for union pension funds as well as providing work for members of various trade unions.

Mr. Speaker, as we all know in this Legislative Assembly, the federal building has been vacant for a number of years, and the Prairie Land Corporation has proposed I think a rather exciting development for 209 units that should be available for the rental market by the spring of 1994. The proposal will maintain the facade of the federal building but will completely change the

interior of the building to allow for apartments and commercial retail space. The redevelopment is an exciting opportunity for union workers to invest their pension funds in a secure project and when finished will provide needed housing for Edmonton's city centre. I'm sure that there might even be a member of the Legislature or two choosing to reside at the newly developed federal building apartments.

I believe it important that the Members of the Legislative Assembly recognize the contribution that the Prairie Land Corporation is making to the construction market in our province and congratulate the proponents of this development.

MR. KOWALSKI: Mr. Speaker, I'd like to echo and certainly go behind the intent of the Standing Order call this afternoon put forward by the member. The Prairie Land Corporation, in my view, is to be congratulated.

Perhaps if all hon. members will go back some period of time, now they'll understand how it came to be that one decision was made with respect to one proponent. About a year and a half ago we went to a world-wide request for information and possibilities and invited the world marketplace basically to take a look at the federal building in the city of Edmonton and to come forward with proposals. We received as a result of this overture to the world – and we advertised in all of the major trade magazines in all of the continents of the world – some 125 requests for further information.

As time went by we appointed a blue-ribbon panel made up of leading private-sector individuals in the province of Alberta, a panel that was composed of representatives from the Alberta Construction Association, the Alberta Association of Architects, the Canadian Museums Association, the Building Owners and Managers Association, APEGGA, which is the Association of Professional Engineers, Geologists, and Geophysicists of Alberta, and several public servants, who basically looked at the specific submissions that we had and finally whittled it down to five actual proposals and finally to one, and the one would entail the utilization of pension moneys arrived at and controlled by 14 building trade unions in the province of Alberta. Quite frankly, there was no better proposal.

This blue-ribbon panel gave this recommendation to me and we reviewed it. I reviewed it in fact with a number of my colleagues within the government of Alberta because I was so impressed with it. I want all to know that the Minister of Labour was taken into my confidence with respect to the proposal at hand, and he was just absolutely delighted to know that building trade unions in the province of Alberta were prepared to take dollars that they had invested for themselves and to reinvest those dollars in the province of Alberta.

It's my understanding, in dealing with the president of the Prairie Land Corporation on Friday last, when we announced this decision, that in essence they're looking at a minimum of 140 man-years of work. The work will begin very shortly, Mr. Speaker, and by the spring of 1994 these 209 housing units will be available for the market here within the city of Edmonton.

I also wish to point out, Mr. Speaker, that this is the fourth of the unique initiatives that have been undertaken in recent years by this government with respect to new approaches in the construction industry in the province of Alberta. The Oldman River dam, as an example, was built with six civil servants; the rest was all done by way of the private sector. Recently an initiative was taken in downtown Red Deer to take care of surplus land that we had. We went to a public situation and advertised generally and received an outstanding response back from the private sector. Then in exchange for the land that the province of Alberta owned,

the province received a new building designed to the specifications required by Alberta Transportation and Utilities, title to the land, and a settlement of nearly \$2 million in cash. At the same time, we were working on the federal building proposal, Mr. Speaker. We've also gone out to a direct design contract bid appropriation with respect to several public buildings in the province of Alberta where in essence the government simply identifies what its need is and asks the private sector to design the building and undertake complete management for that building in particular. It's exciting; it's innovative.

3:30

I sincerely hope that the Prairie Land Corporation's first venture into the marketplace with the government of Alberta will not be the last, Mr. Speaker. In fact, I made it very clear the other day to the 14 trade unions that were involved that if they wish to come forward with additional proposals, take their pension money and reinvest it in the public infrastructure in the province of Alberta, this government would be absolutely delighted.

Mr. Speaker, I want to echo what's been stated here this afternoon, and I would sincerely ask all Members of the Legislative Assembly to vote in favour of this, because it's worthy of our recognition and our praise.

MR. SPEAKER: Edmonton-Whitemud.

MR. WICKMAN: Thank you, Mr. Speaker. I want to go on record on behalf of our caucus as supporting the motion brought forward under Standing Order 40. If we look back at the history of the federal building, it has taken a period of time to have a concept such as this advance to this particular point. It's unfortunate that we couldn't have had things, I guess, happen a bit quicker.

Nevertheless, what the Prairie Land Corporation has done, I think, Mr. Speaker, is remarkable. It's remarkable from two points of view. One, the trades are certainly suffering right now like so many other sectors of the population due to the economy, but rather than just sit back and worry about a bad economy or complain, they've taken some initiative. Their initiative is to risk some of their own dollars that they're responsible for, that they're handling, and they're saying: "We're going to do this, and we're going to create jobs. If the jobs aren't there, we're going to help create those jobs." That is certainly a step in the right direction. This of course is not going to solve the economic plight of Edmonton or put every tradesperson back to work, but it is a step in the right direction.

The second thing that it does, Mr. Speaker, when you look at a downtown area – and myself having been a member of city council during the period of time that the Member for Edmonton-Glengarry and the Member for Edmonton-Gold Bar were there, this falls in line with the goals that we set at that particular time, that we attempted to achieve: the necessity to have downtown living. If you want to revitalize a downtown, if you want a healthy downtown, you have to have that residential component. Now, when you look at Grant MacEwan College being built, when you look at this particular project, and when you look at other real estate or buildings in the downtown area, the flatiron building, for example – I know it's controlled by the city, but nevertheless the flatiron building is another example where we have the ability, if the concept is proper, to again create housing.

Now, I'm sure that the Prairie Land Corporation has initiated and spearheaded most of this on their own, and I'm not sitting back here saying that any members of our caucus should take credit in any way for things that we did in the early '80s.

Nevertheless, in the vision that was presented for the city of Edmonton through the general municipal plan, this is exactly what was anticipated. This is exactly what was encouraged. I sit back here now and I'm really, really pleased to see it start to happen, and I want to again commend the Prairie Land Corporation for their involvement, the trade unions for their involvement, and the department of public works for the involvement it has had in this as well. It's difficult for opposition – it's not really difficult. I shouldn't put it that way. We don't always find reason to feel that something is being done right. Even though this did take quite a period of time to kind of get it on track, I think this is right, and this is going to be a much needed addition to the downtown core of Edmonton.

MR. SPEAKER: Is there a call for the question?

SOME HON. MEMBERS: Question.

MR. SPEAKER: Summation, Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. Just briefly then. I again want to thank Members of the Legislative Assembly for hopefully soon adopting this motion unanimously. I think this is an exciting time when \$15 million of pension funds are being directed into a particular project that Alberta workers will be able to control and direct. I look forward to future developments made by the Prairie Land Corporation throughout our province and the development of socially needed housing. I think it's an important and worthwhile investment of union pension funds and the people of Alberta.

MR. SPEAKER: All those in favour of the question before the House as proposed by Edmonton-Belmont, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried unanimously. Thank you.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Good afternoon. Order please.

head: **Supplementary Estimates 1992-93**

Municipal Affairs

MR. CHAIRMAN: In particular we will be dealing with Housing and Mortgage Assistance for Albertans.

The hon. Minister of Municipal Affairs.

DR. WEST: Thank you, Mr. Chairman. I'm pleased today to participate in what is a very open process, one that I haven't seen since being elected in 1986: where the overage in a year's budget, those that used to go through a special warrant, comes to this Assembly under estimates so that all members of the Assembly can scrutinize and vote on the moneys needed so greatly in the province of Alberta. I must point out that I'm pleased to be third in the estimates. We've already seen the estimates of Education and Environmental Protection, and we look forward today, if these estimates go through, to Agriculture and Rural Development and Family and Social Services. I understand that both those

ministers are here today and are available to present their supplementary estimates.

I listened with encouragement to Standing Order 40 today on the Prairie Land Corporation, because it ties in very well with what I'm going to ask for as supplementary estimates today. I believe if organizations such as Prairie Land Corporation had been present in the late '70s and the early '80s, then there was good chance that what I'm about to ask for today in supplementary estimates wouldn't have been required. Today I'm asking for a sum of \$56,380,405. These are write-downs. What this represents is the shortfall in the property sold by Alberta Mortgage and Housing between the amount that they were originally billed for back in the late '70s and early '80s and what we were able to sell them for today. This shortfall must be returned to the Alberta heritage savings trust fund to maintain its integrity.

If you look back to the time in the 1970s when the province was booming, you can see a time when there was a tremendous shortfall in housing for the great numbers of people that were coming to the province of Alberta. At that time the government got involved in two programs in social housing. Those were called the core housing incentive program, or CHIP, and the modest apartment program, MAP. The government provided lower interest loans and high-ratio financing to developers. The developers then in turn entered into an operating agreement with the government whereby it set rental rates for 50 percent of the units in each project for 10 to 15 years. These controlled rental rates were based on debt service, a 5 percent return on investment and operating expenses.

3:40

Well, we know what happened in the province of Alberta. Entering into the '80s, oil went from \$35 a barrel down to \$10 a barrel. The revenues to the province dropped dramatically, and also the vacancies in these rental apartments and high-rise developments increased, and the losses to service the debt on these mounted massively. So between '82 and 1986 properties worth some \$882,579,000 were devalued. We have been attempting since the late '80s to sell these properties and recover as much money as we can and return it to the heritage fund and then come to the general revenue fund for the shortfall.

The shortfall would have been higher this year, but we have found in the Department of Municipal Affairs some \$18,520,000 to offset the losses in sales that Mortgage Properties Inc. has made. The reason for this supplementary estimate is that it was impossible to tell what Mortgage Properties Inc. would sell in assets this year. Back in 1990 when they started, they were dealing with over \$800 million worth of property. To date they have sold some \$473 million of those properties, this year over \$250 million with the shortfall, as I said, in the supplementary estimate of \$56 million-plus. There are more units that have to be sold, and we trust that we will get the best dollars back to the public that we can, but knowing the marketplace and the type of dollars that are capitalized against these projects, I am sure we will see further losses.

I won't go much further, but I will ask you for your questions. I want you to understand one thing. I go back to what I said in the beginning. We need individual corporations such as the Prairie Land Corporation to step forward and build and maintain and manage housing in this province whether it be low-income housing or otherwise. The government's role in doing a project such as what we did in CHIP and MAP must be limited. This is a living example of where a government's role in the construction industry during boom times must be limited, and I trust we have learned our lesson.

Thank you.

MR. CHAIRMAN: The hon. Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. I'm pleased to rise and make a few comments on the supplementary estimates presented by the minister, and I certainly agree with his position that he stated in terms of things like the Prairie Land Corporation is doing. That indeed would have been much help to the province had similar organizations come forward in the '70s, and indeed there probably were those kinds of corporations in the '70s except those corporations also had their hands out for subsidies for programs, for government grants and loans. I think this is probably where the problem arose.

I look at the development of West Edmonton Village, where a great contribution in government funding was made to that corporation. I believe, if I remember correctly, at 9 percent initially. The interest rate was eventually knocked down to only 6 percent. In spite of that, we know what happened there. We had to take all these units back. So it suggests to me that in our zest to encourage development and so on I think we succumbed to the pressure of developers at that time to give concessions, loan guarantees, subsidies, whatever it was in order to get the housing stock in place. There was a boom on in Alberta at that time, certainly. I suppose in hindsight we can now sit back and be critical or at least suggest, well, that perhaps we won't do it that way again and fair enough.

Mr. Chairman, I want to also look at what has happened in the Alberta Housing Corporation in the last several years and particularly when we established MPI and its mandate to divest the corporation of the properties that it had inherited through defaults and so on. Again, I think the corporation in its initial stages, in its zest to encourage development, went off on its own and encouraged development. As I recall, they asked municipalities to set up new subdivisions, and they funded that. When the boom ended, municipalities were stuck with those lands as well as many properties. The money was very easy to get, and money was given to almost all in sundry to develop and expand because the boom was never going to end. Well, the boom ended, and the corporation was stuck with the properties. Then, of course, the recession hit, unemployment took off, and a lot of people had to abandon the properties they had assumed, which the corporation had to take over.

Many of these properties now are being divested of by MPI. This is the area that I want to just touch on briefly, Mr. Minister. While I appreciate what's happening, what needs to be done, I think again there are instances of overreaction by MPI in their desire to get rid of all these properties within their mandate. I believe it's five years, but I'm not sure.

I think the concept of social housing has to be taken into consideration. I think some of the housing that is being sold off can be and should be retained for social housing. The reason I say that is that at the present time the pressure on rent is quite great. I think the vacancy rates are somewhat low, so the pressure on the rent is quite high. Low-income individuals, particularly those on social services, are having difficulty meeting the rental payments they have to make. What's happening is they are being forced slowly and surely into substandard living conditions, into housing stock that is in my opinion somewhat low standard. To a large degree I think the social services department is certainly to blame because I don't think they are providing sufficient funding to individuals on social services for their shelter allowance. As a result, the private sector's range of rents has exceeded those guidelines provided by social services, and therefore individuals cannot find adequate or proper shelter. Therefore, I think this is where you, Municipal Affairs, through your housing program

should be able to fill that void during this period. Rather than selling off, divesting ourselves of all these properties, it seems to me that there is a need to retain some of those and make them available for those who really qualify and need some affordable housing.

That's an area where I still have a concern. I say that, Mr. Minister, because I do have a number of those situations in my own constituency. The odd experience has come to light, and I've dealt with the department. They were very helpful in working with me to deal with any particular ones that I raised. I am knowledgeable of a large number of those situations within the constituency, and I suspect this applies to other parts of the province. So I'd like to leave it there.

3:50

During these estimates, Mr. Chairman, I'd like to perhaps talk some on the broader basis and go into Municipal Affairs generally, if that's permissible. I would like to talk about the economic situation. I think we in Alberta know that we have been in a recession. Obviously, as stated earlier, the boom has gone, and we are now trying to cope with the recession, trying to get our economy back in place, hoping that somehow the economy will recover and we can get back to some proper economic development and growth in this province.

I want to just quote from *Urban Perspective*. It's the Alberta Urban Municipalities Association newsletter of a meeting that they held in April of 1992 when they discussed what was utmost on their minds.

Point of Order Relevance

MR. CHAIRMAN: The hon. minister is rising on a point of order?

DR. WEST: Yes, on relevancy. I'm not trying to take away from your interest in all areas of Municipal Affairs, but I would like to get some idea of the focus here on these supplementary estimates. We're under vote 8, which is very specific. I didn't realize we were going to go to general estimates today. You know, I don't mind you bringing up questions, but I think relevancy to the estimates being asked for here today must be addressed.

MR. CHAIRMAN: The Chair would also urge hon. members to try to stay with the actual matter before the committee. We are really not in general estimates.

The hon. Member for Vegreville.

MR. FOX: Mr. Chairman, would it not be fair to assume that hon. members in posing questions or raising concerns with ministers with respect to these estimates should have the opportunity to raise some concerns relative to the operation of the department? The hon. Member for Edmonton-Beverly, for example, may have some recommendations to make to the minister about money that can either be saved or spent more wisely. Traditionally when we discuss estimates, we have that opportunity until the vote occurs on the first ballot. Though we've spent probably 10 minutes on this, I don't think it's fair to assume, like the hon. minister has, that we're straying too much or that we're occupying the Assembly's time unwisely.

MR. CHAIRMAN: The hon. Member for Edmonton-Kingsway.

MR. McEACHERN: Yes. I was just going to say, Mr. Chairman, that it's fairly common before you go into estimates to have a

period of time when you can talk generally about the budget. I'm thinking of Motion 12 that is on the Order Paper. The Treasurer spoke to it the other day, and none of us had a chance to reply to that. Now you're telling us that in the estimates themselves we can't talk about the whole department even; we've got to narrow it right down to this one particular item. It does seem to me that if we'd had a couple of days of general discussion on Motion 12, then you might have been on better grounds, but to narrow it that much at this stage seems to me to be a little tight since this Legislature hasn't addressed this question now for about eight or 10 months.

MR. CHAIRMAN: On the point of order, hon. member?

MR. WICKMAN: No; I'm on the speaker's list.

MR. CHAIRMAN: Yes, you're on the speaker's list, if we get there.

The Chair would point out that there is more than one item in this supplemental estimate book, and the committee is constrained for three days. The Chair would say that it's generally in the hands of members of the committee, but there is a time constraint. Generally speaking, we're dealing with these supplemental estimates as to particular points, and we should try to stick with them as much as possible, but as the Chair says, the Chair is more or less in the hands of the committee.

The hon. Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. Actually, I was taking my lead from the discussions we held here last Friday morning, when the other estimates were before us. When I read some of the dialogue that went on at those meetings, I thought they went in the comprehensive area, and they certainly were not restricted to a particular item on the estimates. In light of that, I assumed my discussions would also be far reaching rather than the limited amount on the estimate debate. I'm prepared for your guidance to direct me, because I'd like to continue with my presentation.

MR. CHAIRMAN: Well, just for the committee's guidance as a whole for the future, in the main estimates vote 1 is the vote in which we discussed the general operation of a department. Today we are not on vote 1. We are on a supplemental estimate as to a particular thing, and in this case that is the disposition of assets. Actually, the rules require us to really, I believe, attend to that business. In the main estimates in the spring vote 1 is where you get the general discussion about the whole department. Just for members' use, the citation there would be *Beauchesne* 953.

The hon. Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. I will try and speak to the estimates.

Debate Continued

MR. EWASIUK: Mr. Chairman, the minister is asking for some \$56.3 million this year, and of course last year it was \$51 million. It bothers me, and I'd like to ask the minister, perhaps if he wants to respond later, just how much longer are we going to continue with this situation? I believe there was certainly some mismanagement of the Alberta Housing Corporation over the years. As I said earlier, I think their zest to get involved in the kinds of the projects that were questionable – and it appears that now the taxpayers are having to face the burden and pay for the burden, in fact, as a result of these write-downs. Perhaps the minister

may want to tell us just what we can expect down the road. What is his projection in terms of additional requests and supplementary requests for funding?

In his Budget Address to the Legislature in 1992 I think the Provincial Treasurer at that time had indicated that there was going to be funding – oh, I guess I'm going back into my other presentation, Mr. Chairman.

I was really concerned about municipalities and the kind of funding that is not being provided to them. I felt that the government in reducing the size of the cabinet made the right decision. It's certainly something that we advocated for some time. I see there's been some more deletions in some of the management positions at the deputy minister level, again a cost saving measure. I think those are good moves. I certainly am supportive of them. I just hope that those kinds of economic moves will permit the Minister of Municipal Affairs to be able to find moneys in the provincial budget to allocate to municipalities, in fact I would suggest to their '91 level of funding so that the municipalities can get on with the kind of infrastructure that needs to be done at the municipal government level, such as transportation, water, and sewer. I think those kinds of activities would generate employment, and of course in the spin-off of that it would certainly help us get our economy back on the road again.

As I was going to say, the municipalities are really concerned about economics. They're concerned about a downloading they feel that's occurring not only by the provincial but also by the federal government, and they have to absorb all these additional costs. They are concerned about the cost of ambulance services, as the Member for Edmonton-Highlands raised last Friday morning in question period, the implications that has on operators in rural Alberta. We demanded an increase in standards, but at the same time we didn't provide sufficient funding. There's a concern about the Workers' Compensation Board costs to municipalities. I think there is a need for us to sit down with the WCB, the AUMA, and the other municipal representatives and talk about how we're going to deal with those kinds of areas.

4:00

So it's those kinds of things that I think we have to address when we talk about Municipal Affairs. Certainly the Alberta Mortgage and Housing Corporation is one part and component of that department. It seems to me that there is a great deal more within that department that needs to be addressed. Seniors is another area, I think. The lodge upgrading that should be taking place: what's happening there? It's those kinds of questions that I wanted to raise, Mr. Chairman; however, with your ruling I guess I won't be able to.

With those comments I will take my seat and again just ask the minister to tell us what we can anticipate in the future, short term or long term, relative to the Alberta Housing Corporation in terms of the kind of write-downs that we are experiencing today. How long do we expect this to continue?

MR. CHAIRMAN: Thank you.

The hon. Member for Edmonton-Whitemud.

MR. WICKMAN: Thank you, Mr. Chairman. A few comments aimed specifically at the supplementary estimates on Municipal Affairs that are in front of us. My interpretation of reading the documentation is such that the government is asking for an additional \$56.4 million in supplementary budgetary appropriations to provide for the losses and write-downs that have occurred during the year in disposing of assets. If we go back to the 1992-93 budget debate, April 13, 1992, vote 8.3 requested \$1.2

million. We now find that we have a situation where the government has underestimated this area of write-offs, of losses, by roughly \$55 million plus a few. Now, one could look at this and say that it's a bit of that booga-booga bookkeeping that the new Treasurer likes to refer to. One could see it as being just a bit on the tricky side. It's ironic that the costs are not included under program expenditures, because by not being included under program expenditures they of course are exempt. They're hidden under valuation adjustments, which makes them exempt from the Spending Control Act. That's what I refer to specifically when I talk in terms of the tricky bookkeeping, or the booga-booga bookkeeping as the new Treasurer likes to refer to it.

We can look back even before that and see that consistent pattern that has occurred: the shortfall in 1991-92, \$45.8 million; the year before, \$71.1 million; '89-90, \$39.3 million; 1988-89, \$15.8 million. If we look at the last three years specifically, they've averaged \$57.8 million a year underestimating their write-offs. Despite it occurring one year, they follow the same booga-booga bookkeeping into the next year. They follow it through the next year, the next year, and this is now year five that we've tracked down that we have the same thing happening.

Now, the Minister of Municipal Affairs and the Provincial Treasurer owe it to the Legislative Assembly, owe it to all accounting practices, to all accounting procedures to be reasonable about these estimates. This trickiness works for a bit, but it isn't going to ride that long. Even the former Treasurer there is kind of grinning. You know, he's probably sitting back now saying, "That fellow from Edmonton-Whitemud is on the right track on this particular one," despite trying to tell my colleagues differently when he was in that position. Obviously, somebody didn't listen, or he chose to be part of that booga-booga bookkeeping. The booga-booga bookkeeping, of course, is a direct reference to what the Treasurer indicated very clearly he was going to avoid, but it hasn't been avoided very well.

Also, we've got to go back to – what? – a few months ago, May 14, 1992, when we had a document from the former president of MPI who alleged certain wrongdoings. He alleged those wrongdoings. We don't know exactly what happened. The allegations were made; there were hints that possibly there was patronage involved; there were contracts given to people in an improper procedure, a procedure that is not really what you would call true accountability by any extent. Now, the Minister of Municipal Affairs at that particular time dismissed those allegations. He conducted an internal departmental review. The interesting part is that that internal departmental review has never been released to the public. It has never been made available. Under the reign of the previous Tory government leadership, yes, we came to expect that approach; everything was virtually hidden. We've been promised a new way of doing things, Mr. Chairman. We've been promised that there's going to be openness, there's going to be accountability, and we'll have no need for this wheelbarrow to fill full of information, because the government members are going to now start releasing it. We saw the minister of lotteries earlier respond that, yes, he's going to release a document on gambling and addiction and so on.

I'm asking the new minister to take the responsibility of digging up that internal review, tabling it in this House, making it public information so all Albertans are entitled to share as to the content of it. If the minister doesn't do that, then one has to jump to an assumption. One has to conclude that the minister is simply ducking an issue that he prefers not to be laid out on the table. Mr. Chairman, I'll give the minister the benefit of the doubt and anticipate that he is going to respond positively, that he is going

to say: "Yes, I've got the internal review here. I will table it so all members of this Assembly are privy to it."

The bottom line is, in a nutshell, two things. One, the government has to get away from this booga-booga bookkeeping. It isn't fair. It's not fair to the taxpayers. It's not fair to legislation that this Assembly has passed itself in terms of spending control measures. It's, in my opinion, a deliberate ploy to try and mislead Albertans as to what the real write-offs are. I just can't comprehend that a group of adults could sit back and be off an average of \$57.8 million per year for the last three years. I guess if you broke that down in terms of percentages for this fiscal period, when we look at \$1.2 million and then we look at the additional \$46.4 million, we would have to say that's - what? - a 5,600 percent increase over the original estimate. That's flabbergasting. That's difficult to comprehend. If it was the first time, maybe Albertans could say, "You're forgiven." But the documents point it out clearly. You go back, Mr. Minister; five years in a row it's happened. It's got to stop, and the minister's got to stand up and tell this House he's going to find a new way of doing things.

4:10

MR. CHAIRMAN: The hon. Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. There are three points that I'd like to make this afternoon, and along with each of the three points I'd like to ask some questions to the new Minister of Municipal Affairs, who I'm sure wants to focus his mind on what's happening in his department and get to the bottom of things and learn the lesson, whatever the lesson is. His final comment was: "... we have learned our lesson." I'd like him to tell us what exactly the lesson that he learned was.

The first point I'd like to make, Mr. Chairman, is the pattern of very poor estimating of write-offs in MPI from the very beginning of this company being set up. From their starting inventory date, January 31 of 1991, until today, February 1, 1993, the company has a two-year history, track record. Yet look at what's gone on in the votes for this area since that time. I look at last year, for example, for the year ending March 31, 1992. The estimate of what the cost of disposing of the assets would be was a little over \$5 million, yet a year ago the government had to come in with a special warrant of another \$51 million additional costs in the disposition of assets. Well, I would have thought that they would have learned something from that, but here we have in this current fiscal year an estimate of \$1.2 million, and now the minister comes in asking for an increase from \$1.2 million to an increase of \$56 million, to a little over 57 and a half million dollars. You know, I guess one can learn from your lessons. I don't know why they didn't learn about it in the current fiscal year.

The other thing to bear in mind, Mr. Chairman, is that according to the budget books given to us last year in April the comparable estimates for 1990-91 were that it cost taxpayers \$94 million in that particular year to dispose of assets of MPI. Well, the first question is: what's being done to ensure that the estimates that appear in the coming budget books are going to be based on the track record of the last three fiscal years so we don't get into this problem again?

Now, Mr. Chairman, the other point I'd like to make is that these are pretty big write-offs. I mean, let's take a look at a document that was tabled in the heritage savings trust fund committee back in the fall of 1992. This was a statement provided to hon. members of that standing committee by the assistant deputy minister of the department as well as the minister when they appeared before the committee. According to this

document summarizing January 1, 1991, to March 31, 1992, the starting inventory of MPI as of January 31, 1991, was just shy of \$800 million, a significant number of assets. Now, just going on the basis of the information that I gathered in preparation for this afternoon's debate, looking back in the budget books that have been provided to the Assembly, we find that the write-offs in the disposition of assets for the fiscal year to the end of March 1991 were \$94 million; for the fiscal year March 31, 1992, were \$56 million; and now, given the estimate in front of us, will be for the fiscal year ending March 31, 1993, \$57.6 million - rounding up to \$58 million. What we see is that the starting inventory on January 31, 1991, was \$800 million. The closing inventory of March 31, 1992, was \$511 million. That's not quite a \$300 million reduction in assets. So the inventory dropped by about \$300 million in those two fiscal years. Yet adding up the losses for those two fiscal years, \$94 million and \$56 million, it's - what? - close to \$150 million. Well, for the disposition of \$300 million of assets, we're writing off . . .

Point of Order Clarification

DR. WEST: Mr. Chairman.

MR. CHAIRMAN: The hon. minister, rising on a point of order.

DR. WEST: Just for clarification. I know that you're reading out groups of figures on imagery for *Hansard's* purposes, but if you want the absolute facts, this comes right from Mortgage Properties, who brought me up to date on January of 1993, last month. During the first 24 months of operation, from January 1, '91, to December 31, '92, MPI generated \$473 million in sales. So this total includes the sale of 293 mortgages at \$336 million, 1,260 real estate properties at \$118.5 million, and 614 units of land at \$18.6 million. You are correct that the book value in January 1991 was \$800 million. I just wanted to clarify that. You have some accuracy in the figures, but the others are not accurate, and I just clarify those for you now.

MR. HAWKESWORTH: Well, I appreciate the clarification, Mr. Chairman, but again, as I say, I'm going on the basis of published documentation that in a period of time they disposed of \$300 million of assets and according to the budget books wrote off \$150 million. That's about a 50 percent write-off. Now, taking the minister's statement that over the last two years, 24 months, there have been close to \$473 million in sales, my addition indicates that there's been \$208 million in write-offs. Again, it may not be quite 50 percent, but it sure is up there close to 40 percent or more in terms of the cost of writing off these assets from the book value. Now, that's my second point. Whether it's 40 percent or 50 percent, these are big write-offs, and let's not lose sight of that fact.

Debate Continued

MR. HAWKESWORTH: In terms of what the lesson was that the minister's learned, I'd like to know what that lesson is. He says that we've learned our lesson. What is the lesson when you're writing off that amount of money?

The third point has to do with: what is the future? Again, Mr. Chairman, just going on the basis of information provided to the members of the heritage savings trust fund committee by Mr. Leitch, who's the assistant deputy minister in the department, when he appeared, he indicated that at that time in the fall there were close to \$700 million in assets still remaining. On page 60 of the *Hansard* transcript, to the question from Mr. Ewasiuk,

“What is the dollar value of the remaining mortgages and the properties that are being held by MPI?” the answer from Mr. Leitch, the assistant deputy minister, was:

Mr. Chairman, in terms of mortgages that would be about \$488 million; in land assets, approximately \$75 million; and in real estate, approximately \$138 million.

Now, I realize those are not the book values. Those are the dollar values, but still that's \$700 million and some in terms of my quick calculations.

So the third point has to be: what is the future? If we're writing off somewhere between 40 and 50 percent of the book value in disposing of these assets, there's still a considerable inventory left over there in MPI. Does that mean that we're going to have to look at a further 50 percent write-down in all the remaining assets? I think that's something that the minister should clarify for us. Given that, what provisions are being made to clearly reflect and estimate those potential losses in preparing the budget for the coming year? Surely now after the experience that we've had in MPI after two years, the minister should have some sense of what the market is saying out there in terms of the assets that can be disposed of and the dollar amounts that they're getting for it. I'm sure he as well as anyone can get his department to estimate market value and make the determination so that we're not out again next year by a factor of – what? – several thousand percent. Coming in this year and saying that we're going to write off \$1.2 million and now it's going to turn out to be closer to \$58 million: that is nowhere near the target. That's not defensible. There's no excuse for that.

I'd like to know what steps are being taken to ensure that when this Assembly is given the real budget figures for the coming year, they're going to be real figures and not the figment of the minister's or the Provincial Treasurer's imaginations. I think that's an important point to make, and I'd like to know what the future holds in terms of the disposing of the remaining assets of MPI. In fact, perhaps the minister would indicate to us the remaining net book value for MPI that's outstanding. If he mentioned it in his opening comments, I didn't catch it. Perhaps he'd indicate whether he believes that the 40 to 50 percent write-off rate is going to hold for the remainder of the disposals of that portfolio.

Thank you.

MR. CHAIRMAN: The hon. Member for Westlock-Sturgeon.

4:20

MR. TAYLOR: Thank you, Mr. Chairman. I think my questions are fairly short. I'm just having a little trouble understanding why the \$1.2 million is necessary to dispose of assets. If you're disposing of assets, surely you don't need any money. Or is it the thought that we're just talking about disposing of it and the \$1.2 million is necessary to keep running? In other words, is there any kind of a commitment from the minister that we are going to get rid of so many assets in a certain time? In other words, I'm not quite understanding why \$1.2 million is necessary when you're getting rid of something. It appears that it's operating expenses, but is that operating expenses based on the fact that you won't get rid of anything in the next while, or is it operating expenses based on the idea that you have to have that? I think that's all I wanted to ask. It says: “provides for the costs and write-offs associated with the sale of mortgages.” Or is it a write-down of the mortgage? To my way of thinking it would appear that it was going to be operating, and when you look at Type of Expenditure at the bottom of the sheet, it says: “operating,” \$1.2 million. Yet when you look up farther, it looks like a write-down of the value of

what you're selling. So I'm having just a little trouble understanding what it exactly is.

MR. CHAIRMAN: The hon. minister would like to clarify that point for the member.

DR. WEST: I'll just clarify that last one. The administration costs for the disposition through Mortgage Properties Inc. are taken out of their operating budget and through the sales of the properties. This is the write-down estimate amount. It bears credibility to many of the statements made by the hon. members who have spoken here today saying: why did we only estimate \$1.2 million in losses when indeed we've been averaging more?

I guess it's a highly unpredictable marketplace to know what you're going to sell when you're dealing with anywhere up to a billion dollars' worth of assets. It's been a very volatile marketplace. Many hours have been spent trying to get rid of some of the mortgages, some of the real estate, some of the properties, and they've fallen through, and you have no idea whether you're going to make that sale in six months or within a year. I've just been minister for a short time, but the wisdom is not to try to predict it. We've been told by this Assembly and by yourselves not to put out predictions on incomes, and here's a case where you want us to put out a prediction on losses. You can't have it both ways. If you understood the real estate market on these pieces of property, you'd know that there are going to be tremendous losses.

I have no argument with the Member for Calgary-Mountain View. Although I could take issue with how your figures balance out, you're in the right ballpark. Huge losses on these properties are anticipated in the future and have been in the past. I pointed out that they were brought in to meet social housing needs. We have billions of dollars' worth of properties that did that over the years. I'll just state to you that to date Alberta Mortgage and Housing has borrowed in total approximately \$5.1 billion, mostly from the heritage savings trust fund. Of this amount approximately \$3.42 billion has been repaid. In addition, approximately \$4.6 billion in interest repayments have been made. The total repayments including interest and principal are slightly over \$8 billion. The catch-22 is that probably \$2 billion of that came from the general revenue fund.

To get back to the Member for Edmonton-Beverly, who was saying why doesn't MPI look at some of this for social housing, we at the present time have, besides what MPI is working on, \$2 billion worth of social housing programs in inventory at Alberta Mortgage and Housing besides what they're trying to sell. At the same time, we put out in many other areas dollars to social housing. Part of the \$800 million in social services goes to paying rents. You can't say that that isn't supplement to those. We pay \$120 million in senior supplements either on the income tax basis or direct rent supplements. If you noticed vote 8 last year, we have nearly \$102 million in that vote that we're talking about, the two previous votes, that are to social housing and mortgage subsidies. If you add up all that, we in this province are probably putting close to \$3 billion into social housing needs. Over the years you can see we've put close to \$5 billion. Of those, tremendous losses have been incurred by Alberta Mortgage and Housing Corporation. It's the price of social housing. Many of you in the opposition parties demand that we continue to build in social housing. I am sensitive to the fact that there are people who, for reasons that they can't help, need assistance, but we must check all programs in this province against need-based, because we've got many that are being used at the present time by individuals that could be questioned on their need.

You asked me to project what kind of losses we'll have in the future. I told you at the beginning of these estimates that we had written down \$882 million worth of property from 1982 to 1986. If you add up what we've already written off, we're probably only looking at the tip of the iceberg of that \$800 million, and we've got to look at those future devaluations as we sell the assets. So I have no idea to predict it in an absolute sum, but your 40 percent to 50 percent losses on some property are accurate. We will continue to come in here for estimates for many millions of dollars in the next few years as we pay down these assets from the times in the 1970s and the early '80s when we were booming.

That is what I said: I hope. I didn't say we have learned; I said I hope we have learned the lesson. I hope that the opposition members who do feel strongly about social housing and those in need – and so do members over here – keep in mind that this is the price today of that social housing. If you criticize this, you've criticized some of your own ideology.

MR. CHAIRMAN: The hon. Member for Edmonton-Kingsway.

4:30

MR. McEACHERN: Thank you, Mr. Chairman. The minister makes some good points, but I think he slightly exaggerates that the losses of Alberta Mortgage and Housing Corporation are due only to social housing.

[Mr. Main in the Chair]

I want to say that in the period of the late '70s, particularly '78 through '81, the Alberta government in agreement with some municipalities went out and speculated in purchasing large tracts of land for development of industrial parks and that sort of thing and got themselves into a lot of trouble in that area. As a matter of fact, I have a report here from the hon. Ray Speaker when he was Minister of Municipal Affairs. The way I read this, I believe it would be at the end of 1990, maybe even March of '91. He indicates that some 68 municipalities still had to be dealt with on those kinds of properties. I want to say that the Alberta government probably should distinguish out those social housing programs which are cost programs and put them back into the department and leave them there and quit funding them out of a series of debentures from the heritage trust fund, because it rather confuses how much Alberta Mortgage and Housing is worth and how much the heritage trust fund is worth, as I will show in a few minutes.

Just in referring to the estimates, I will say that, yes, I too think that raising the estimates of losses here from \$1.2 million to some \$57,580,405 is quite a substantial underestimation or perhaps lack of estimation. Perhaps they just sort of said: let's wait and see what happens. I don't know.

In any case, I want to run through a few numbers. My colleague from Calgary-Mountain View came up with some, and the minister jumped in with some. I just want to put some numbers on the record. Some time back – in fact, it was in 1989 – I asked the Treasury Department through a motion for a return to tell me how much money was lost by three Crown corporations financed out of the heritage trust fund. Now, I'll just narrow it down to Alberta Mortgage and Housing. I won't deal with the other two, the Agricultural Development Corporation and the Alberta Opportunity Company. The numbers in fact back up what the minister said and are totally devastating.

The schedule of yearly and total value of subsidies from the general revenues of the province is the heading on page 2 of this document which the Treasurer released to me on August 18,

1989, on a motion for a return. The losses for Alberta Mortgage and Housing Corporation – and at that time initially they divided the corporation from the mortgage company. There were two separate ones. They included them both in separate lists until 1983-84 when they were combined into one company, and then they added them from there. The total losses from 1970-71 to 1987-88, which was the last figure they had at the time of this release, was \$1,559,643,000. Our research staff, which the Treasurer was beating up on earlier today, did some good work and added the next three years to bring the total up to \$2,099,822,000 of losses. Now, I don't have the '91-92 figure. I did look at the nearest I've got to an annual statement, about '91-92, and the only thing I could see was \$182 million advanced from the province to the company, but it was a repayable loan, so I don't know how much was repaid and how much wasn't. There was another item where they had \$43 million provided by the general revenue fund. So that gives some idea of the general revenue subsidy to the corporation over those years.

Another part of the question was – and I'll give it in the answer form – the schedule of yearly and total value of write-downs and provisions for losses for Alberta Mortgage and Housing Corporation. For the housing corporation and the mortgage corporation – just for the one year, and then they were combined in '83-84, as I said before – the write-downs amounted to \$739,624,000. That was by '87-88. Then when you added on the next three years, as my staff took the time and trouble to do, it came to \$830,000,000, which coincides pretty well with the figure given a few minutes ago by the minister. Now, I don't have the last figure, but in what passes for an annual statement for March 31, '92, I do have an indication that the deficit at the beginning of the '91-92 year was \$461 million, and it was reduced to some \$387 million that year. That deficit figure was the subject of my other question. I got a different answer than I expected but an interesting one at that.

The deficit figure at one stage was running about \$600 million or \$700 million, and that was my question. But instead of giving me that answer, the government saw the word "debt" – I'd asked for the total debt; in other words, the accumulation of deficits over the years – and they gave me, and I'm reading again from this motion for a return reply, a

schedule of yearly and total debt carried on the books, yearly debt being the net increase (decrease) in outstanding debt during the year.

Again, it started in 1970-71 through to 1987-88, and the total for the Alberta Mortgage and Housing Corporation amounted to \$3,686,000,000.

Now, we looked at the next three years, and since the numbers were the other way around for those three years, the total accumulated when taken to 1990-91 was reduced to \$3,156,000,000. I'm not quite sure what's happening this year with that number other than that Mortgage Properties Inc. is going about selling off a lot more properties.

Another way to look at the Alberta Mortgage and Housing Corporation is to look at its relationship with the heritage trust fund. I just want to do that for a minute. According to the Alberta heritage savings trust fund, the \$3.5 billion portfolio of loans they had to Alberta Mortgage and Housing when I was elected back in 1986 is now reduced as of March 31, 1992, to \$1.8 billion. However, I have here a study done by Prof. Glen Mumey at the University of Alberta, and it is dated January 1993, so it's pretty up to date. He does an evaluation of the heritage trust fund. He gets at a point I've tried to make in this Assembly for some years and to the ministers when I was on the heritage trust fund committee and what I got was a neat runaround. Even the Auditor General would try to get at this particular problem.

Mr. Mumeey recognizes the problem and writes down the value of the Alberta Mortgage and Housing portfolio to the heritage trust fund from \$1.8 billion to \$670 million. He explains over a page or two here why he does that, and I want to just put a few of those explanations on the record.

The quantitative magnitude of the difference between how he evaluated it and the heritage trust fund report evaluation,

is a huge \$1.14 billion. The Fund Statement reports the investment in AMHC at cost.

This analysis that writes it down to \$670 million attempts to place a market value on the Alberta Mortgage and Housing Corporation investment.

While investments in AMHC are nominally guaranteed by the province, that guarantee is meaningless to the Fund.

The reason he gives that is because he's saying: well, the fund is ours and the mortgage corporation is ours, so to guarantee from one to the other has no meaning.

He goes on to say that Alberta Mortgage and Housing Corporation is financed almost entirely from the fund.

The value of the Fund's investment in this entity is effectively the assets of AMHC net of the claims of other creditors. AMHC reports two major items among its assets - housing and mortgages. The housing assets earn no financial return and are essentially a social assistance program.

A point that I've made in this House over and over again. Now, we're not against that program. In fact, as my colleague from Edmonton-Beverly said, we think that social housing is important. What we're getting at here is trying to claim that that social housing is somehow an income-earning asset of the heritage trust fund. Okay? That's the direction I'm going.

4:40

He goes on to say that housing in a practical sense is nonmarketable: this low-cost housing program is nonmarketable.

Its cost of [\$0.9] billion . . . is removed from the asset section and shown near deemed assets as a record of public spending under Fund legislation.

Now, that's what Professor Mumeey decided he should do with it. He said those assets in social housing are, rather than income-earning assets, really like the deemed assets the heritage trust fund has in the capital projects division, where it spends money to build Kananaskis or the Walter C. Mackenzie hospital or whatever, and those assets are not really financial assets that you can then claim are income-earning assets of the fund.

The Auditor General, as you all know, has said that those deemed assets must not be counted, and that is why we now have a financial asset of the fund of around \$12 billion instead of acknowledging the \$5.3 billion which my friend the previous Treasurer used to try to tell us was the value of the heritage trust fund. So I think Mr. Mumeey has come to an excellent conclusion here and makes an excellent point.

The Housing Component of AMHC is much like the Auditor General's description of deemed assets which "represent amounts expended which are not recoverable by the Fund . . ."

He says they really belong among the deemed assets. On the other hand, the mortgage side of it, he says this:

AMHC mortgages are left as the financial substance behind the Fund investment in AMHC. During fiscal 1991 and 1992, nearly \$1.0 billion of AMHC mortgages have been sold. In 1992 there were still mortgages and related assets . . . with an estimated value of \$0.67 billion [in other words, \$670 million] based on AMHC's reported valuation. The mortgages which have been sold by the Fund have been sold with a guarantee by AMHC. The liability for this guarantee is not included in the 1991 public accounts balance sheet . . .

It probably should have been.

Now, Mr. Chairman, this brings me to the point I've tried to make before the heritage trust fund committee in earlier years and before this committee a number of times. The government really should take its social housing program out from under the funding of the heritage trust fund and put it back in the department and pay for it year by year, as it is a program that costs taxpayers dollars and has a social benefit. We on this side of the House would analyze that and discuss it with the minister and pass it like the other estimates and consider it to be a worthwhile program. We could talk about how it should be expanded or contracted as the economy changes. That's how the Alberta social housing programs should be handled.

The minister is a new minister, so I'll make my case to him. I've made it to all the other ministers that have gone through this portfolio. As Professor Mumeey says, this housing portfolio has no real place in the heritage trust fund income-earning assets. We presently fund Alberta Mortgage and Housing Corporation out of the heritage trust fund. The heritage trust fund gives Alberta Mortgage and Housing Corporation money. The Alberta Mortgage and Housing Corporation gives a debenture saying "I owe you" to the Alberta heritage trust fund. Every year they rotate these five-year mortgages. In other words, the Alberta heritage trust fund gives new money so the Alberta Mortgage and Housing Corporation can afford to pay the old debentures, the ones that are five years old, and they just rotate that money round and around. But in the meantime there isn't enough income earned by Alberta Mortgage and Housing to pay for the interest and pay those debentures back. So the general revenue account has to put money into Alberta Mortgage and Housing Corporation so it can afford to pay its bills to the heritage trust fund. Then the Treasurer stands up in this House every year and tells us that the Alberta heritage savings trust fund gives 1 and a quarter billion dollars, or whatever the number might be in any particular year, of investment income to the general revenue account to help pay for the expenses of running this province.

Now, that's all very well, except one would have to admit that about a quarter to a third of that money is coming out of three Crown corporations - the biggest one of which is Alberta Mortgage and Housing Corporation, but also the ADC and the Alberta Opportunity Company - three Crown corporations which have been losing money since 1981. So what you have is a circulation of money through three different bodies - the Alberta government and the Alberta taxpayers are responsible for all three of them - and it's very difficult to get an accurate picture of what's really going on.

There is a further point that is bothersome, and that is that the minister can stand up and say to those of us on this side of the House, as he did a few minutes ago, that if we want these housing programs, we have to take huge losses. Well, that may be true, and I don't mind giving a grant to Alberta Mortgage and Housing to run social housing programs if I know how much that is and how much it's costing. But it's very hard to get that number, because that number is lost in a whole series of properties Alberta Mortgage and Housing has had control over since 1971 or has purchased since 1971 and is now trying to get rid of. It becomes almost impossible to sort out who lost what under what kind of conditions, under what kind of speculation, what properties were bought, how much we had to write down when we made agreements with towns to set up industrial parks and when other people started to land speculate.

So there's a whole sorting out that has to be done. I assume Alberta Mortgage and Housing Corporation is now doing that, but we do not get to see how much each of these various programs is in a detailed way that makes it clear and easy for the taxpayers of

this province to understand exactly what's happening with social housing compared to some of the land speculation and other properties and mortgages Alberta Mortgage and Housing has been involved in over the years. So what I say to the minister is: sort that out. Let's get back to not claiming that Alberta Mortgage and Housing properties are part of the financial assets of the heritage trust fund.

MR. DEPUTY CHAIRMAN: Additional speakers? Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Chairman. We're debating today a loss on the sale of assets amounting to \$56.4 million and the minister says, "Stay tuned; there'll be more coming forward." I don't believe this Assembly can vote such funds lightly, and I certainly don't believe we can accept his rather weak defence that if we attack these business losses, we on this side are attacking our own ideology. There is no ideology promoting business losses that comes from the New Democratic Party. As a matter of fact, if ideology is what you practise as well as what you preach, this government wrote the book on valuation adjustments, losses from prior periods, and there is all the difference in the world between voting sums of money for social housing and for people who need assistance in housing and a loss on the sale of assets.

In the main estimates of the Department of Municipal Affairs passed in the Assembly earlier this year, \$410 million was voted to programs for housing support. In southern Alberta and northern Alberta in financial assistance for housing, those are program expenditures and they come to the Assembly in that form and are voted. This is like writing a cheque after the fact to pay off losses on the disposition of assets, and the issue here is the administration of assets; it's not the provision of social housing.

There is no government I know of that operates in that way. We build houses and sell them for whatever we get, and whatever the difference is is our social housing program; or people don't pay their mortgages and we have to eat the losses, and that's our social housing program. No sane government in the world operates that way. Yet we have a Minister of Municipal Affairs who stands up and says this is a matter of ideology and you can't criticize the loss on the sale of assets without criticizing your own ideology. That's absolute nonsense.

4:50

There are some very sloppy practices when it comes to the administration and sale of assets. I would refer the minister to the minutes of the meeting of the board of directors of Alberta Mortgage and Housing Corporation, August 16, 1990, when the board was discussing the sale of a parcel of land in Canmore to Canmore Alpine Development Company, a company which I believe has as its principal a certain Mr. Hal Walker who is known sometimes to have fund-raising parties in his residence for candidates for the leadership of the Conservative Party - actually, not candidates plural; just one, the one who happens to be the Premier. In those minutes it is revealed that Mr. Hal Walker and his company purchased from Alberta Mortgage and Housing Corporation 476 acres of land within the town of Canmore for development purposes. When the land was surveyed, Mr. Chairman, it was found that there were actually 500 acres within the parcel. Now, what does one do about a situation like this? Well, I think normally you make an adjustment in the sale price to reflect the fact that there is more developable acreage than was forecast in the first place. But in this instance the board of directors decided, "Well, you've got these acres that are paid for and you've got these other acres and they're in the same parcel,

so what the heck, we'll just throw them in; have another 24 acres free of charge."

Mr. Chairman, I don't know how many people here today in this Assembly have gotten free land from the government. If you have, put up your hand. I'd be interested in knowing that. I suspect not very many have gotten free land. If you had 24 acres of free land in downtown Canmore with some development rights that go with it, I think a lot of people would think, "Gee, that's something I could do something with." As a matter of fact, I would say that if you had 24 acres free of charge to develop in Canmore, you might do all right if you are a shrewd businessperson, and I have every reason to think the purchasers in this case are shrewd businesspeople.

So it seems to me that among other things we may be asked in this vote to give the taxpayers a bill today for Hal Walker's free land in Canmore. I'd like to know if that's the case, because I can't see voting to stick the taxpayers with the bill for 24 acres of free land which went to Mr. Hal Walker in Canmore Alpine Development Company. That's not a social housing program. It's certainly not any kind of ideology you can associate with the New Democratic Party here. I think that might be corporate welfare, if there's any ideology involved in that. Free land, I suppose, goes along with free money: loan guarantees, tax concessions, tax credits. Why not throw in some free land besides? It's certainly not an ideology that's associated with social housing, and the loss on the sale of an asset, whether that's a mortgage or a piece of property, is not an ideologically based operation. It's an operation that's based on whether you valued assets appropriately, whether you've surveyed them correctly, whether you've administered them properly, whether you've sold them to the right person and taken the right degree of security for the loan, whether you've been efficient in collecting loans and following up on the administration of loans, but it's not a question of ideology.

It's a question that these programs did not work the way they were supposed to. They didn't work the way they were presented to this Legislature. The funded portion carried with it a vote of funds in the Legislative Assembly, and the part that was not funded was to be handled through capital financing, through the heritage savings trust fund in the way that my colleague, the Member for Edmonton-Kingsway, has allotted. So I wonder if the minister would explain today to this Assembly whether Canmore Alpine Developments' free land is included in this vote.

MR. DEPUTY CHAIRMAN: Additional speakers? I've got Westlock-Sturgeon on my list.

MR. TAYLOR: Thank you, Mr. Chairman. I've come up to talk a little bit more about the philosophy of the department which I heard the hon. minister talking about, and I'm sure he's aware that we in the opposition are split into two schools there.

The minister assumed that the Liberals want to keep the Municipal Financing Corporation going and keep a government presence in subsidized housing and social housing. Now, one of things that's bothered me, Mr. Chairman, is that this government which is supposedly free enterprise has gone so heavily into the Municipal Financing Corporation. I feel there are many ways and there are examples all around the world where you can use the private enterprise sector to indeed get social housing. What's worrying me a little here is that we've seen the result of what happens when a government gets into social housing and lending money.

In fact, this government is probably famous in the western world. I think we have five banks; we're the only government in the world that has five banks, and probably the only state

government. I'll put them down in order. We have the Treasury Branch; it's been around for years. We have the ADC, which has its own little loaning and evaluating organization. We have the Alberta Opportunity Company, run by another minister, that's going around picking winners and losers; so far they've been very good at losers. And then we can jump over to the Municipal Financing Corporation, with the minister in charge, another bank that goes into the mortgage and lending business and picking winners and losers in land development. Recently we've added the lotteries foundation, which has an agricultural initiatives branch. So it's kind of contagious; it's a disease that sweeps through the Tory benches every year. Everybody wants their own bank.

What I'd like to see is philosophically a commitment – and this minister would be a good one to do it – that we're going to wipe out the Municipal Financing Corporation and that social housing and some of the other things my friends on the right, euphemistically on the right, would love to see done don't have to be done by a bank owned by the government. It can be done by incentives and indirect methods of putting money into the marketplace for social housing.

MR. DEPUTY CHAIRMAN: Edmonton-Kingsway.

MR. McEACHERN: I wonder if the speaker would entertain a question on one of his comments.

MR. TAYLOR: Yes, I would.

MR. McEACHERN: Could I interpret from your comments that you are in favour of abandoning the Alberta Municipal Financing Corporation because it is somehow done in the same kind of context as the Alberta Opportunity Company, AOC, and the Alberta Mortgage and Housing Corporation?

MR. TAYLOR: Yes, Mr. Chairman, I've never got a point through so fast to the member. That's exactly it; I don't really see any purpose for another government organization in the field of social housing. I see a need for social housing, a need for all sorts of help for the poor, but you're not going to do it by having its own bank. Therefore, I thought this minister of all ministers – after all, he's a little over to the right of Attila the Hun – would have gone a lot further than liquidating assets and be seriously thinking and have a curve. I would ask him: does he have a curve of getting rid of the whole corporation? Because you know, Mr. Minister, something might happen; you might inherit a million dollars and move away, and we'd get another minister with delusions of power before us. In other words, this idea of cutting back business, of the interference of the government in the whole issue of banking – as I mentioned, we've got five banks – would start up all over again. I think the minister should be prepared to make a commitment now and see if can shut down that bank. Surely the Treasury Branches are enough along with private enterprise to be able to do something in social housing. We don't need another minister and another bank.

Finally, Mr. Chairman, I'll get this one in quickly. I'm very disappointed that when we have two votes on the paper for agriculture, we haven't got agriculture up here. We had agriculture on; it's been delayed again. We'd like some sort of commitment that it will get on here somewhere. Agriculture is still a much more major industry than most of the things that are brought up, yet somehow or other it gets bandied about, bandied about, bandied about. Now we've only three days of debate and one more day to go and agriculture hasn't been mentioned.

DR. WEST: On the last comments by Westlock-Sturgeon, I can only take some into consideration, but not all.

Edmonton-Jasper Place made an innuendo here that's absolutely false, and I'll correct it in response to what he said. There's absolutely no land that has been given free to anybody of the name he referred to in the Canmore area. So I want to once again say that that is a false innuendo that was left on this paper here that there was any free land whatsoever given in the Canmore area.

5:00

MR. DEPUTY CHAIRMAN: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. One question left over from my earlier comments. Would the minister advise the Assembly: what is the book value of the remaining portfolio within MPI? If he doesn't have that figure at his fingertips this afternoon, would he at least give an undertaking to have his officials fire that figure over to me in the next few days or so?

MR. WICKMAN: Mr. Chairman, there are a couple more questions I'd like to ask that pertain to the write-offs and the losses being incurred on these properties. I'm not sure; maybe it does show up in public accounts. Not being a member of Public Accounts – even though the Member for Red Deer invited me to be a member of Public Accounts, our House committee chairman didn't agree. Nevertheless, I'm not a member of Public Accounts, so if it's in public accounts, forgive me for asking this question. When we talk in terms of the write-down of the total, including the \$1.2 million – we're talking in terms of the \$57.6 million total – is there a list available as to specifically what properties it involved, as to what the write-downs were on which properties? What amount of that \$57.6 million went toward real estate fees, toward commissions? There are properties out there that the provincial government has acquired in the past and some of them, I understand, have been sold, not in all cases, of course, to municipalities but to the private sector. I never like to repeat gossip, so I don't want to repeat gossip, but let's just say that it's been questioned in the community as to who, if anybody, may be benefiting from some of these write-downs, some of these losses. So if the minister can answer that question: is it his intention to provide to the Assembly a list showing specifically the accounting that is behind this \$57.6 million?

MR. DEPUTY CHAIRMAN: Additional speakers? Edmonton-Jasper Place.

MR. McINNIS: Yes, Mr. Chairman. The minister has gone too far this time. He accuses me of having made an innuendo. I didn't make any innuendo at all. I came right out and said it. I said that Hal Walker and CADCO got free land, and it works like this: they paid for a certain number of acres, and they were delivered a larger number of acres.

Point of Order Reference to a Nonmember

MR. McFARLAND: A point of order.

MR. DEPUTY CHAIRMAN: Point of order, Little Bow.

MR. McFARLAND: Mr. Chairman, *Beauchesne* 493. Would the member care to review it? Making reference to people by name who aren't here and unable to defend themselves.

MR. DEPUTY CHAIRMAN: I have before me section 493(4), in which

the Speaker has cautioned Members to exercise great care in making statements about persons who are outside the House and unable to reply.

There is no compunction here that the member not speak about others, but he is urged to be cautious. What we have here are two sides of the debate: the Member for Edmonton-Jasper Place suggesting something has happened; the minister suggesting it hasn't. In the absence of evidence, I think we'll have to leave it there.

Debate Continued

MR. DEPUTY CHAIRMAN: Are there additional speakers? Edmonton-Jasper Place.

MR. McINNIS: Mr. Chairman, I think there may be some confusion in the mind of the minister, so if I may, I would like to explain this to him one more time. What happened was that a transaction was made between Canmore Alpine Development and the Alberta Mortgage and Housing Corporation for the sale of 476 acres. When the parcel was surveyed, it was found to contain 500 acres, and it was the decision of the board to leave the price the same. Now, if you go to the store and you buy a dozen oranges and you come home and there are 15 in the bag, you would have to say that you received those three for free, even though you paid for the 12. You see, the other three came home with you in the bag, and you didn't have to pay any extra for them. That's the position that Hal Walker got. Now, if that isn't free land, you tell me what is.

MR. DEPUTY CHAIRMAN: Additional speakers? Westlock-Sturgeon.

MR. TAYLOR: Yes, thank you, Mr. Chairman. In the answer to the question by the Member for Edmonton-Kingsway, I wanted to make sure – I may have mixed up the Alberta Municipal Financing Corporation and the Alberta mortgage corporation. Certainly it's the mortgage corporation I'm talking about annihilating.

The Municipal Financing Corporation has many things wrong with it, that's for sure, but I suppose as an agency it will work out. The big thing with the Municipal Financing Corporation, as with the mortgage corporation, is that they've both been borrowing and spending public moneys through ministers that I don't think have been too clued in to the marketplace. Consequently, I wanted to see as much of this business that's done, whether it's the Municipal Financing Corporation borrowing or whether it's Mortgage and Housing, going back into the private sector. Particularly I was addressing the social services sector of housing and so on. I think it would be better done, Mr. Chairman, through the private sector than it could through any minister, even a minister of a Liberal government.

I think ministers shouldn't be in the business of manipulating money, or you get some of the fancy fandangos done by the past Treasurer, when he would take money from general revenue to lend it to the banker that the cabinet minister was running at the time, whether it was the Municipal Financing Corporation or whatever it was, in order to pay us our own interest. We were going around and around, a little like the bull that was racing around the haystack, Mr. Chairman, faster and faster until you know what happened, and this is what happened here too. We'd get going faster and faster on this circular type of accounting. We think we're fooling the public, but I don't think we are. The point is that these organizations that we were lending money to to pay

the minister's different bank, whether it was the Alberta Opportunity Company or the Agricultural Development Corporation or Alberta Mortgage and Housing – all of these pointed out that they were going in the hole and going in the hole badly for years.

What I would like to see out of this minister is some sort of commitment that the minister would get rid of Mortgage and Housing and that social housing, units for rental or for purchasing, be done through the private enterprise system rather than through the minister of municipalities. I would like to see the minister of municipalities, Mr. Chairman, concentrate on seeing that municipalities have a proper system of financing and tax raising and so on and not be off on different schemes.

Lastly, again I want to make it very clear – I haven't read the Blues yet, but I might have mixed up the Municipal Financing Corporation and Mortgage and Housing. If I did, it's the mortgage people that I want to see done out of the way. Municipal financing is a subject for debate another day entirely.

Thanks.

MR. DEPUTY CHAIRMAN: Additional speakers? Edmonton-Whitemud.

MR. WICKMAN: Mr. Chairman, I'm a bit concerned because the minister is sitting there and not giving indication he's going to answer the question I posed. I guess to be specific and give one example, and I may be wrong on this particular one – if I am, correct me – West Edmonton Village is an example of a property that was turned back to the provincial government. I've never been able to establish the amounts of dollars that were involved in that exchange, if it was just one dollar or one dollar plus, and in addition as to what the loss will be when that property is sold. My understanding is that it's still not sold. Now, it's very possible that that whole loss there may be suffered by the Treasury Branches instead of the MPI, but just at this point I can't be clear. If the minister gave us a commitment that he would table in this House a listing of all those, the write-downs and the whole bit. In other words, let's have a bit of disclosure in this House. Let's have that openness that was talked about by the new Premier.

MR. DEPUTY CHAIRMAN: The minister, to sum up or answer questions?

5:10

DR. WEST: Well, I'll sum up, but I'll just answer that directly. There are individual mortgages and properties that are under negotiation at the present time which cannot be discussed. They're before legal counsel and are being worked out.

Let it be known that there are 45,000-some dwellings and individual parcels in the province of Alberta. MPI has about 11,500 at the present time. As they are sold off they are identified, and the Auditor General goes through those. I'll take your question internally and have a look. I must say, personally, as minister here, with those numbers and logistics, although I see the ones that go for me because I see them every time a deal is made, a lot of them are numbered companies and that sort of thing. I study them, but I will look to see what deals have been finalized and what are out there. The Auditor General looks at them all, and as I said, logistically they're pages and pages and pages. When you think of 45,000 at one time, Alberta Mortgage and Housing had over 90,000 units in the province of Alberta, and we're down to about 45,000 now.

MR. DEPUTY CHAIRMAN: Is the committee ready for the vote on this item?

SOME HON. MEMBERS: Question.

Agreed to:

Disposition of Assets	\$56,380,405
Total Vote – Housing and Mortgage Assistance for Albertans	\$56,380,405

DR. WEST: I move that the votes be reported.

[Motion carried]

MR. DEPUTY CHAIRMAN: We now move to page 31 in your supplementary estimates book, and we call on the minister.

**Family and Social Services
Income Support to Individuals and Families**

MR. CARDINAL: Thank you, Mr. Chairman. First of all, I'd like to take a moment to . . .

**Point of Order
Procedure on Estimates**

MR. TAYLOR: A point of order, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Westlock-Sturgeon.

MR. TAYLOR: I thought we were going to get the agriculture estimates here, Mr. Chairman. They were on. Agriculture is, I think, fairly important. I see a number of people wandering around here that were selling memberships right and left here a few months ago saying that agriculture was the base of the economy; we needed to have agriculture represented; we needed to hear from agriculture. Now the House sits, we're in the second day of estimates, the second day we've been promised agriculture. Agriculture starts with an "a" no matter where you are in the province, yet it's not on the agenda. It's been shoved aside. So, Mr. Chairman, I think: what's the use of having a legislative sitting on estimates when we can't cover agriculture?

MR. DEPUTY CHAIRMAN: Well, I appreciate your point of order. The minister, I understand, was called away on important business. The Family and Social Services department is on the list of departments to be considered today as well. I'm sure agriculture will be considered in due course.

MR. TAYLOR: Thank you. Then can we have a sort of Oklahoma promise or guarantee that you will make sure it's on the agenda?

MR. DEPUTY CHAIRMAN: Well, in my role as Chairman, it's impossible for me to offer a guarantee as to what's going to be brought forward.

MR. TAYLOR: Could I ask through the chairman to the acting House leader whether he will make sure that it is on the agenda on Wednesday?

MR. DEPUTY CHAIRMAN: My suggestion would be that would you deal through your House leader and your House leader would deal with the Government House Leader and the Opposition House Leader and all of these things would be settled in due course of time.

MR. TAYLOR: It's like many other things in agriculture: it can be very slippery, and it can get away, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Well, thank you for your point of order. I don't believe there is one that exists. There is obviously a disappointment that is registered in your voice and in your face. I'm sure the government has heard your complaint, and it will be dealt with.

MR. TAYLOR: I had hoped that the Member for Bonnyville would be on the menu today.

MR. DEPUTY CHAIRMAN: Thank you very much, Westlock-Sturgeon.

Additional speakers? No.

Debate Continued

MR. DEPUTY CHAIRMAN: The Minister of Family and Social Services.

MR. CARDINAL: Thank you, Mr. Chairman. First of all, I'd just like to indicate that maybe the Liberals opposite, especially the Member for Westlock-Sturgeon, may not think social services in Alberta are very important. To me they're as important . . .

**Point of Order
Procedure on Estimates**

MR. WICKMAN: A point of order, Mr. Chairman.

MR. DEPUTY CHAIRMAN: A point of order, Edmonton-Whitemud.

MR. WICKMAN: Mr. Chairman, let's make this clear. Social services has been designated for Wednesday afternoon. We recognize its importance. It's very, very important. It is designated Wednesday afternoon, so let's not mislead the House here, Mr. Cardinal.

Debate Continued

MR. DEPUTY CHAIRMAN: Minister.

MR. CARDINAL: Thank you, Mr. Chairman. Social services are very important to our government. That's why we provide a high quality of service to Albertans.

I'd just like to take a moment to introduce my staff: the assistant deputy minister and the support staff of income support taking the time to participate and assist me through the process here this afternoon.

Mr. Chairman, as a new minister, I hope you will indulge me if I take a few moments to discuss a number of issues concerning the supplementary estimates of \$85 million for Alberta Family and Social Services. This supplementary estimate is the result of many factors, some of which we can effect, but most of which are beyond our control. Like the rest of Canada, Alberta has experienced a sharp increase in welfare caseloads over the last few years, but we are beginning to level off, unlike other provinces which are still recording substantial increases.

That is why we must be innovative in our approach to addressing poverty, welfare dependency in our province, because the realities of today are very different from what they were in the past, even what they were a year or two ago. Our provincial economy is changing, restructuring itself in response to global pressures of international trade and economic competitiveness. Our work force is literally being shaken out by these changes. Those lacking skills are ending up on low-paying or part-time jobs, and many individuals who are unable to get back into the

work force are finding themselves needing assistance from the government.

In recent years, Alberta's industry, business, and government have struggled to cope with business closures, downsizing, layoffs in all sectors of the province. In 1992, for example, full-time employment in Alberta shrank by 19,900 positions while part-time went up by 14,200 positions. In short, some 40,000 Albertans found themselves unemployed last year. As a result of these trends and the recent unilateral and, I believe, reckless change to the federal Unemployment Insurance Act, our caseload has increased to 88,000 cases per month, higher than our estimates at the beginning of the fiscal year. To compound this, the number of families having to seek temporary assistance increased by 35 percent, increasing overall costs because family costs are much higher than those of individuals. Although estimates assessed the average monthly cost per case to be \$879, we find now, nearing the end of this fiscal year, that the costs are closer to \$894, Mr. Chairman.

Alberta also continues to feel the brunt of some federal government decisions. The decision by the federal government to place a ceiling on the Canada Assistance Plan translates into about \$75 million that now must be fully covered by this government instead of cost-shared under the Canada Assistance Plan. Changes to the unemployment insurance program also have and will continue to have an impact upon our social programs. Albertans now need to work longer periods of time to be eligible for UIC benefits, and their initial waiting period is also longer.

More and more Albertans find themselves in need of welfare while waiting for UIC benefits to start or because they have run out. I would like to say that we have come up with a simple solution to meet those problems head-on. I would like to say that we have found a magic bullet to make social assistance unnecessary. But, Mr. Chairman, we cannot. The solutions are neither easy nor magic. The reality is that we have economic disparities in Alberta: regionally, from community to community, and from north to south. There will always be people who must rely on the provincial government for support not because they want to depend on us and certainly not because they are proud to depend on us. Our job is to do the best we can with the resources we have.

These are realities of our time, Mr. Chairman, realities we face in finding the right balance for Albertans, a balance between the need to ensure that clients have resources they require to live with dignity and the need to demand of them personal responsibility and initiatives in working toward independence as soon as possible. My staff paid careful attention to maintaining this balance, maintaining a balance that meets our government's commitment to support. On one hand we have people who generally need our assistance, while on the other hand we have very real constraints in our ability to respond.

Caring and responsibility are the two words that best describe the mission of my department. They are principles which guide our work as we strive to meet the needs of individuals and families today and in the future, Mr. Chairman.

5:20

Let's take a moment to look at who depends on supports for independence today. Forty-three percent of all individuals receiving assistance are children. That amounts to one in 10 of Alberta children, Mr. Chairman. Single-parent families figure largely in the number of Albertans requiring assistance. About one-half of all single-parent families in Alberta depend on supports for independence at one time or another during a lifetime. Twenty-seven percent of cases are the result of parents

unable to work due to child care responsibilities or illness; 14 percent of cases are working but do not earn enough wages to support their families on their own; and 12 percent of the provincial caseloads require long-term support for special needs such as AIDS, barriers to employment, or disabilities. I note these figures to attempt to dispel some of the myths that are unfortunately and unjustifiably attributed to welfare recipients.

Supports for independence clients are not bums or freeloaders. They do not want to be on welfare; they do not want to have to depend on our government to put food on their tables or clothing on their backs. They are people like you and me, Mr. Chairman, people who have families, who have friends, and who have goals and plans for the future but who have come into hard times and need our assistance.

There is another myth that I want to dispel: that once a client has entered the system, they stay on the caseload indefinitely. This is incorrect. In fact, excluding clients who need long-term support, the majority are on the caseload for less than three months. For single clients who can work, the turnover rate is some 70 percent. While there is frustration among Albertans with the unemployment situation and welfare numbers, we must always be reasoned and cautious in our actions because the decisions we make will affect the lives of thousands of men, women, and children. We must weigh the individual considerations with global ones, and that is why a closer look at microissues is important. How does Alberta compare with other provinces? Right now, 34 of every thousand Albertans are accessing social assistance. That compares to British Columbia at 46 per thousand people, Manitoba at 42 per thousand, and Ontario at 60 per thousand. Why are our caseloads lower? Well, there is no one quick answer, but there are several factors that I believe are particularly significant. One is the successful economic diversification plan in Alberta. We have a stronger economy than most other provinces, and that means our caseload is now stabilizing. Between the third and fourth quarter of 1992-93 our overall provincial caseload barely registered an increase: exactly .4 percent. Another reason is that we have one of the lowest rates of increase in the cost of living, and we are the only province in Canada with no provincial sales tax.

Finally, I believe that supports for independence has had a significant role in getting people back into the work force. Let me explain. Traditionally when there is growth in unemployment, there is parallel growth in social assistance. While the negative tradition is just as evident in Alberta as in other provinces, supports for independence has played a large role in turning the equation around so that our caseload levels lag behind the rate of unemployment. Without this government's emphasis on helping clients break free of the welfare cycle through job training and education, the caseloads would be much higher. We still have 88,000 cases on welfare who don't want to be there anymore. We don't want them to be there, and we're working very hard to assist them to get off.

There are very real risks in not investing in that effort. After someone is on assistance for a while, loss of dignity seriously affects self-esteem and the ability to get back into the work force. I've seen this firsthand in my constituency, Mr. Chairman, amongst my friends and amongst my people in Alberta. That is why I am committed, as is my government, to provide Albertans in need with a high quality of service that supports them to become self-sufficient. I believe that we must respond first and foremost to those in greatest need and do that in the way that encourages people to be as independent as possible and have confidence in themselves.

My department cannot solve this problem in isolation from the rest of government. We can point people in the right direction,

but we must also realistically assist wherever we can assist. As a government we need to work together among departments, with other levels of government to find solutions, because only by working together and co-ordinating our efforts will we make positive and meaningful changes.

Mr. Chairman, I'm very happy to do this presentation today of our budget supplementary estimates, but due to the time, I would move to adjourn debate tonight.

MR. DEPUTY CHAIRMAN: Is the committee agreed?

HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: Opposed? Carried.

MR. DAY: Mr. Chairman, I move that the committee rise and report.

[Motion carried]

[Mr. Speaker in the Chair]

MR. MAIN: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, and we report as follows.

Under Municipal Affairs: \$56,380,405 for Housing and Mortgage Assistance for Albertans.

We have also had under consideration resolutions of the Department of Family and Social Services. We report progress thereon and request leave to sit again.

MR. SPEAKER: Thank you. Does the Assembly concur in the report and the request for leave to sit again?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. It is so ordered.

MR. DAY: Mr. Speaker, I move that we convene again at 8 o'clock to consider the second reading of Bill 55.

[The Assembly adjourned at 5:30 p.m.]