

[Chairman: Mr. Oldring]

[10:02 a.m.]

MR. CHAIRMAN: Good morning. We'll call the meeting to order. Mr. Minister, I invite you and Mr. Engelman to sit a little closer to this end of the table.

I want to welcome the Minister of Municipal Affairs responsible for housing. With the hon. Mr. Crawford this morning we have Mr. Joe Engelman, president of Alberta Mortgage and Housing Corporation. I want to welcome you here as well.

The format, Mr. Minister, is that we have extended an opportunity for the ministers to give a brief overview of the projects before this committee. I remind members to turn to page 24 of the trust fund report for the section relevant to Alberta Mortgage and Housing Corporation. On that note, Mr. Minister, we will turn the floor over to you.

MR. CRAWFORD: Thanks, Chairman. The relevance, of course, of the Heritage Savings Trust Fund to the Mortgage and Housing Corporation is the funding. I expect we'll get into many housing issues -- I would welcome that -- involving the corporation and, obviously, some questions on funding of the corporation by debentures involving the Heritage Savings Trust Fund.

I look forward to questions on many issues, but perhaps something of an overview of the programs is the best way to deal with the opening remarks. We have many programs; for example, community housing. Some details: just over 7,000 units are involved, and that provides rent geared to income accommodation for low- to modest-income families. As of the current fiscal year, the investment in that is about \$292 million.

The seniors' lodges are a very significant part of the portfolio. About \$125 million and just under 4,000 bed units are involved. The senior self-contained are a much bigger operation, over 13,500 units, and the investment there is approaching \$600 million.

One of the interesting things this year, I think, is the pilot project for the Blackfoot Reserve. I believe that's the first of those pilot projects, and 36 units will be constructed on that reserve. I think it's important that the housing programs extend to native people. The programs exist on the Metis settlements, but

given the federal jurisdiction, the Blackfoot one is the first to go to a reserve.

Under the mortgage lending portfolio we still have a large investment in the family home purchase program: about 23,700 units which have been the subject of lending and approaching \$1.2 billion loaned on that program. Of course, this helps provide mortgage financing to families of low or moderate income, and it enables them to buy new or existing housing.

Under the two programs that deal primarily with apartments we have the core housing incentive program and the modest apartment program. The first one, core housing: over 20,000 units and about \$909 million invested. Under the modest apartment program, about 5,000 units and about \$184 million invested. That's primarily for smaller communities.

There has been some talk of loan restructuring in respect to both of those programs. That was first proposed to the borrowers in the spring of this year. During the summer a task force went into the details again and met with representatives of the borrowers and of the industry generally and came up with a modified plan. That plan, if adopted, will enable more of the borrowers to survive. In fact, it's a rewriting along with a capitalization of interest that is the essence of the restructuring. I mention that because it's current. The final approval has not yet been given for that by the government. That will be concluded very shortly, and it will involve some financial commitment from the province to make that work.

Perhaps one of the other things I should cover before going to the questions is . . . I've mentioned the types of housing. We also have industrial land programs, rent supplement programs, and a small amount of staff housing.

I would anticipate some questions on foreclosures and the policy there. We have some figures which would indicate that the foreclosure levels, at least at midyear, were down from last year, which is encouraging. Even so, the owned properties taken back by quitclaim or foreclosure are substantial.

I guess, Chairman, that should conclude my overview.

MR. PAYNE: Mr. Chairman, as platitudinous as it sounds, I guess first of all I should tell the

minister that we appreciated that overview. I'm sure I speak for the members of the committee indicating how useful it was.

Our late newscast last evening and our newspapers this morning are expressing on behalf of the government even further additional concerns about the state of our economy, the magnitude of the deficit, and some of the dramatic steps that need to be taken by government to get its house in order; no pun intended whatsoever. In that context, I wonder if the Alberta Mortgage and Housing Corporation is giving any consideration at all to either reducing its portfolio investments in a quantitative sense or altogether getting out of some programs that at one time might have appeared more warranted than they now do, given our present economic circumstances.

MR. CRAWFORD: We try to judge that as best we can. For example, the mortgage lending program for single-family homes is there not to construct many new homes each year at the present time because of the existing inventory of homes on hand, but the mortgage lending can be used to finance repurchase, of course, by borrowers. That's always needed to some extent in the lending portfolio.

The budget process is under way now. The net requirements of the corporation are met by the provincial budget, of course, and the borrowings for the needs of the corporation through the trust fund. That enables the corporation to meet commitments that have perhaps already been made, and it enables the corporation to fund all its activities.

The lodge program, for example, even though there are vacancies across the province, still is needed for new construction because some areas are not well enough served. The approach has been modest in the sense that fewer types of units are being built than was the case a few years ago. I guess the overall answer is that when the corporation presents its budget to the provincial government, those decisions will all be made as to the extent of activity and the level of activity that the corporation should engage in in the upcoming year. I can assure you that the board of the corporation has very carefully looked at the budget presentation — and that process is at this time still ongoing — and has carefully looked at it from the point of view of reducing the cash requirements that the corporation would have.

MR. PAYNE: Thank you, Mr. Minister. There are quite a number of subjective phrases in that answer that make it difficult to respond. I guess the bottom line of your answer was an effort to "reduce cash requirements." But in the process of reducing those cash requirements, you indicated that the corporation would be considering continuing the lodge program in areas not well enough served. In the current economic environment I guess I'm uneasy or seek reassurance from yourself that the board, when it makes those kinds of subjective evaluations of needs that are "not well enough served," will not overlook the broad economic context.

You also made reference to the mortgage lending program always being needed to some extent. I don't think anyone on this committee would question that those needs need to be accommodated. I guess the question is: should not the private sector be given an additional mandate or consideration for those kinds of needs rather than the government institutional answer, which has been a very convenient answer to government in recent years?

MR. CRAWFORD: I think that's an excellent question. I can't give you — Mr. Engelman could — the proportion of building that now is the responsibility, based on its lending, of the corporation as compared with the private sector. But mortgage lending for housing, through the Canada Mortgage and Housing Corporation as well as our own corporation, has been important to the housing of hundreds of thousands of people across the country. I suppose the answer is to try to judge what the correct proportion of the market would be for public-funded corporations as compared with the private sector. For example, I suppose that in theory the government corporations could get out and leave it to the private sector. But that wouldn't achieve the same in respect to social housing and the needs of special interest groups such as the handicapped, natives on reserves, or small centres remote from the market where the private lenders prefer to lend. Once again, I think the philosophy of all that is quite important.

MR. PAYNE: A final supplementary. I agree that the philosophy is important, of course, but I guess pragmatic considerations seem to be surfacing ahead of philosophical considerations

these days. As a member of Executive Council, Mr. Crawford, you're privy to reports from the Provincial Treasurer or the Premier long before the corporation board or administration. Therefore, I'd just like to ask a final supplementary on the budgeting process and the question of sequence. Do the board and administration conclude their deliberations and develop their proposals and then present them to you? Or alternatively, do you make them aware in some way, without inappropriately revealing the confidentialities of Executive Council, so that their budgeting is, in fact, as realistic as it might be?

MR. CRAWFORD: I think the board has approached the budget process with the idea that some curtailing of other plans from other years has to be achieved. I'm part of that process in the sense of being chairman of the board of the Mortgage and Housing Corporation and have attended the budget meetings, where the entire board has been working at this. That's our effort: to curtail the needs yet not let the real needs go unfulfilled.

MR. PAYNE: Thank you, Mr. Chairman.

MR. CHUMIR: Mr. Chairman, do I assume correctly, by the way, before I commence my questioning, that the 1984-85 report of the Alberta Mortgage and Housing Corporation, ended March 31, 1985, is the latest?

MR. ENGELMAN: The latest published report.

MR. CHUMIR: We do not have a later one? I must say I find it highly unsatisfactory to be dealing some 18 months later.

MR. R. SPEAKER: That's characteristic.

MR. GOGO: That's the purpose of our being able to ask the minister questions.

MR. McEACHERN: The other reports are all out.

MR. GOGO: You can ask the minister questions on that very topic.

MR. R. SPEAKER: But you should have up-to-date information.

MR. GOGO: I'm sure Mr. Engelman will provide that if you ask the question.

MR. CHUMIR: Maybe I'll let him volunteer the answer to that without wasting one of my questions on it.

I note that at March 31, 1986, the heritage fund had \$3.387 billion in loans outstanding to the Alberta Mortgage and Housing Corporation. I wonder whether the minister would be able to give this committee any estimate of the fair market value of that receivable. How much is the fund likely to receive from that, based on present values of the Alberta Mortgage and Housing Corporation loan portfolio?

MR. CRAWFORD: I think those are good questions. One is how much the fund will receive, and the other is the comparison between the portfolio stated value in the sense of the total amount outstanding and the properties if they were all appraised now. I am confident that the process will see every payment made to the fund from the corporation. That is because the Provincial Treasury will stand behind the repayments to the fund. If the borrowers can't make them, the funding is by way of debenture between the Heritage Savings Trust Fund and the corporation, so all of those will be paid. I will turn to Mr. Engelman for details on the deficiency, if that's the right word, between the outstanding balance of the loaned funds and the current market values.

MR. ENGELMAN: To put that in perspective, the total borrowings for lending purposes at March 31, 1986, was just under \$2.4 billion, and the total reserve for losses was \$116 million on owned properties and \$282 million in potential losses for a total provision of \$398 million. That's an increase in reserves of \$38 million over last year.

MR. CHUMIR: I find myself a little baffled by how reserves for losses are calculated. Perhaps I might refer the minister, Mr. Engelman, and members of the committee to page 20 of the 1984-85 annual report. It's my understanding, from looking at these financial statements, that a change was made in accounting for the year ended March 31, 1985, as opposed to the prior year. If I understand it correctly, the change

related to the loss which accrued as a result of reduction in the mortgage portfolio. For the year ended March 31, 1985, if we look under the expenditure column, the second-last item is designated "Deficit transferred from the Mortgage Insurance Fund." For 1984 that was \$100.037 million. There is a nil item for 1985, and to my understanding the nil doesn't reflect the fact that there was no loss; it reflects a change in accounting policy of no longer moving that loss on the mortgage portfolio from the mortgage insurance fund to the corporate account.

If we look at page 28, we find a statement of the mortgage insurance fund that reflects a loss of \$241 million in 1985. Of course, in the comparable 1984 column we see that \$100 million was transferred to the corporate account. For some reason, that has not been transferred over. If it had been, the loss of the Alberta Mortgage and Housing Corporation corporate account would have ballooned from \$188 million to \$429 million.

I would appreciate comment as to whether my perception is accurate, why there was that change in the accounting policy, and whether or not the statement of the \$398 million of losses or potential losses referred to in the last question, including the \$38 million increase from 1985, includes the losses on the mortgage portfolio that apparently seem to have been shifted into the mortgage insurance fund.

MR. ENGELMAN: The answer to your last question is yes, they are included. The change in accounting was the result of a change in legislation which allows the deficit to remain on the books of the corporation rather than being funded by the Provincial Treasurer on an annual basis. The losses will be funded as cash is required; in other words, as the actual losses are incurred or as cash is required.

MR. McEACHERN: Rather than up front.

MR. ENGELMAN: Yes. Rather than where we have reserves for losses. We don't get funds flown to us by the Provincial Treasurer to cover those.

MR. CHUMIR: Similarly, they're not booked as losses of the mortgage corporation until they're ...

MR. ENGELMAN: They're reserves; they're not booked as losses.

MR. CHUMIR: They're not reserved on the corporate account, though.

MR. ENGELMAN: No, they're reserved here, in the mortgage insurance fund.

MR. CHUMIR: The final question I have also concerns a question of numbers. I note in the financial statements that we had mortgage interest income of slightly over \$289 million for the year ended March 31, 1985, and interest expense of slightly over \$504 million. I've asked the minister in another context and have received a letter outlining a partial answer on this question as to whether the government is taking advantage of its right of prepaying to the Heritage Savings Trust Fund loans that are at very high interest rates. Obviously, a large part of that \$504 million of interest expense is being incurred because of interest rates in the 14, 15, 16, and sometimes 17 and 18 percent range. There was a footnote in the financial statements of the Alberta Opportunity Company which indicated that the heritage fund had refused to accept prepayment which was proffered by the Alberta Opportunity Company.

The minister has advised me that some \$230 million-plus, I believe, of debt has in fact been prepaid. I'm wondering when that debt was prepaid. Was it subsequent to this matter being raised by the opposition? Is it a firm and fixed policy of both the Alberta Mortgage and Housing Corporation and the heritage trust fund to make such prepayments as are provided for in the binding agreements? Obviously, what this — high interest rates not prepaid — does is puff up the income of the Heritage Savings Trust Fund and commensurately reduce that of the Alberta Mortgage and Housing Corporation.

MR. CRAWFORD: Mr. Engelman can respond in detail. Of course, the prepayments occur depending on the length of the term under the pre-existing debentures. I guess the times of maturity for some of those are renegotiated every five years, and the time they come due has perhaps been one of the factors involved.

MR. ENGELMAN: Further to that, that's a good point. The debentures that were issued for mortgage lending were generally of a five-year

term. We have some one-year stuff now. But they were generally of a five-year term, so a lot of those are going to roll over.

With regard to prepayment and the \$230 million you referred to, the arrangement we have with Treasury relative to the heritage fund is that when we receive prepayments on loans with those high interest rates, we can prepay debentures on the same basis, as we receive them. So that's where that \$230 million came from. It didn't occur recently. That has been going on for two or three years. We accept prepayments on our mortgages without penalty. In order to have some matching of funds, we take those funds we receive as prepayments -- in other words, loans paid out -- and apply them to the similar debenture rates, so that does reduce our costs a bit.

MR. CHUMIR: I'm just trying to relate the statement that the debentures are for the five-year term with the statements on schedule 2, which indicate year of maturity. They seem to be scaled down to end in 2015. There are some at 15 and 16 percent in the year 2011 and the year 2012. Is there a distinction between the year of maturity and the term, or is it that the interest rate is only fixed for five years? How do they relate?

MR. ENGELMAN: The year of maturity shown here is the year, on an amortization basis, when it would be paid out. Some debentures issued prior to 1982, I believe, for the social housing programs -- in other words, for senior citizens' and community housing programs -- were written for the full term. So there are some full-term debentures in here. Mortgage lending ones, which are the bigger percentage, were always written for five years or less, so those are turning over. There is a difference.

MR. CHUMIR: In the bottom line are you saying that, in fact, you do pay off your high-interest loans to the heritage savings fund at the very earliest opportunity that you can do so without fail?

MR. ENGELMAN: That they will allow us to do -- yes.

MR. HYLAND: Mr. Chairman, I wonder if we can get a ruling here on the difference between questions and questions of clarification.

MR. CHAIRMAN: The Chair felt that in both instances it was clarification on his third supplementary.

MR. CHUMIR: I appreciate that, Mr. Chairman. I'm still not clear on the qualification that we pay them off insofar as the heritage fund will allow us to do so, because the Alberta Opportunity note said that there was a legal right to do so but the heritage fund wouldn't accept them. Obviously, it's nice to get high interest rates, though. I'm afraid I'm very unclear about the state of this repayment issue.

MR. ENGELMAN: Mr. Chairman, I can't speak for the debentures that were issued by the Opportunity Company, but the debentures that we issued have prepayment privileges with the approval of the Provincial Treasurer.

MR. CHUMIR: And you're saying that . . .

MR. CHAIRMAN: The Member for Calgary Mountain View.

If it's still not quite clear, perhaps you can meet with Mr. Engelman afterwards.

MR. CHUMIR: Sure. Bob may want to proceed.

MR. HAWKESWORTH: Yes, maybe that's right. Has the Provincial Treasurer instructed AHMC that it would not allow that prepayment to occur?

MR. ENGELMAN: Mr. Chairman, they are allowing the prepayment to occur on the basis that I outlined.

MR. HAWKESWORTH: Which is that . . .

MR. ENGELMAN: Which is that -- to give you an example, if we have a loan that we issued at 18 percent and we get that loan repaid in full, we can take that money and apply it to an 18 percent debenture.

MR. PIQUETTE: You can or you do?

MR. ENGELMAN: We can and we do.

MR. HAWKESWORTH: Mr. Chairman, my question is whether the financial statements for AHMC for March 31, 1986, have been

completed.

MR. ENGELMAN: Yes.

MR. HAWKESWORTH: Then why are they not in front of us in preparation for this meeting today?

MR. ENGELMAN: One of our requirements is that they -- well, we haven't printed an annual report at this point.

MR. McEACHERN: Could you not have brought us a mimeographed sheet or something?

MR. GOGO: Chairman, on a point of order. I believe the Legislative Assembly Act indicates when that must be tabled. I think the minister could respond to that.

MR. CRAWFORD: Once it's printed, it is filed with the Assembly. When the Assembly is in session, it has to be filed within 15 days after the opening. There is no requirement that I know of to file it before that time.

MR. CHAIRMAN: The Member for Calgary McCall, followed by the Member for Lethbridge West.

MR. HAWKESWORTH: I believe I have some more questions.

MR. CHAIRMAN: You asked your first question in relation to the clarification and follow-up on Mr. Chumir's question. Your second question was "Was the report complete?" and your third question was "Why don't we have it?"

MR. McEACHERN: Oh, come on. That's two short . . .

MR. CHAIRMAN: Go ahead with one more supplementary.

MR. HAWKESWORTH: It just makes it very difficult to try and find out what's happening with this corporation if at the time when we're supposed to be able to pursue it in a little more detail we don't even have the financial statements.

I'd like to just touch on -- and I guess I won't be able to ask a supplementary -- this restructuring of the loans under CHIP and

MAP. The capitalization of interest was referred to, and I'd like to know at what interest rates that particular loan restructuring was available to borrowers under CHIP and MAP.

MR. CRAWFORD: That is the proposal. There was a proposal in March which capitalized interest for those that wanted to take up that proposal. The effective rate was 6 percent in the short term and, I believe, a potential for renegotiation at intervals. The proposal which has been set out by the corporation now has yet to go to the borrowers. The target date to hopefully conclude a new arrangement with the borrowers is early next year, but this has to receive approval of Treasury Board.

MR. CHAIRMAN: Maybe just for the record we could also outline what CHIP and MAP are. I know that most of us here are probably familiar with them.

MR. CRAWFORD: I did mention the core housing incentive program and the modest apartment program in my opening remarks, Chairman. The so-called CHIP multi-unit apartment developments are primarily in the larger cities, and the MAP projects are primarily in towns of under 10,000.

MR. CHAIRMAN: Thank you.

MR. NELSON: Mr. Chairman, it's unfortunate we don't have a lot more time to ask all those pressing questions that we may have on our minds.

I guess what I'd like to do is get into the area of -- because the minister indicated early on about the construction of new properties and homes, et cetera. With the tremendous number of vacant properties that are evident in communities across the province, and probably more particularly those in the larger areas of the cities of Calgary, Edmonton, and Fort McMurray, what I hear the minister saying is that there are some thoughts of further construction in various areas. I'm just wondering: why would there not be a freeze on the construction of any new accommodation -- other than possibly for senior citizens' projects, and that would be based on need of a community, which should be proven -- at this time when there is really no money in the

bank? Should we not cease and desist all construction of accommodation other than that one particular situation of seniors where there is a need shown?

MR. CRAWFORD: I think seniors are the most important category, and I would agree with that. In some cases it's necessary, for example, to replace a lodge or part of a lodge in some community that has perhaps had one and the facility is no longer viable or suitable. So replacements do take place on that basis. One of the ones this year is in Camrose, for example, where a very old structure was replaced.

I think there are needs for certain types of social housing too. If possible, we in the corporation transfer existing units that are owned by way of coming back to the corporation by quitclaim or foreclosure into some of these programs; for example, the programs shared with Canada Mortgage and Housing Corporation in the rent supplement area and special needs housing for handicapped people or group homes for certain social programs. I would agree that if existing buildings are there in that community, new ones should not be undertaken. I believe that a lot of the mortgage lending, for example, for single-family dwellings is really refinancing for people who are acquiring a home in decline from the corporations.

MR. NELSON: You just helped me to lead into another question. Mr. Chairman, the city has a planning process wherein they develop communities, people places. Sometimes I think Alberta Mortgage forgets about people in the overall picture of the community. Through that planning process there is a certain intent when the development of a community is put together, and that intent basically goes by the zoning of land and the development of accommodation, albeit for rental or ownership, for condominiums, duplexes, triplexes, fourplexes, or single-family homes. The basic infrastructure is developed through a planning process to make a community a people place.

As the mayor of Calgary has said on a couple of occasions and also in written form, he is unhappy about certain recent developments with Alberta Mortgage and Housing and CMHC dumping properties into the Calgary Housing Authority, as an example. That's only one

example I'll use at the present time. Therefore, it sets an unbalanced situation in some of these developing communities. It unbalances the overall integrity of the community in many different ways. I could get into a long speech here. I don't have time to do that, because I'll probably be called out of order.

In any event, I'm mad as hell about it, as are a number of people in the community. There has been no communication and assistance in developing some policy and some way of keeping the integrity of these communities in place. As I said, I'm mad as hell, because I want to be part of those decisions when they impact communities that I represent, when Alberta Mortgage and Canada Mortgage get together and do something outside of the normal realm of the integrity of the community. I would like to know what future policies are being developed — and if not, why not — that will allow for input by the city, the municipality, possibly the local MLAs, whomever, and the communities to ensure that the integrity of those communities is kept alive as per the planning process that developed over the years.

MR. CRAWFORD: I think there are two not contradictory answers to that. I agree; more consultation should take place before large numbers of homes are committed to programs such as community housing. That will take place more in the future when similar proposals are contemplated. The other answer is that I am not totally familiar with every complaint the mayor of Calgary has, but I would think that he would have some confidence in the housing authority with which the municipality is involved.

MR. NELSON: I might also question that myself at another time.

That leads into another situation, with regard to policy relevant to condominiums. As you know, condominiums, not like townhouses, are normally owner-occupied. Many of these condos have gone to receivership, foreclosure, quitclaim, or what have you and are being rented out at market rent, so to speak. One example is that condominiums are being rented out for \$425 a month. Owners that are still in a particular unit pay \$750 to \$800 a month for the same accommodation, as they wish to pursue their obligations. What policy is in place or being developed to assist those people who are

still paying the full shot, a minimum number of people in those units who are also mad as hell, against those people who are moving in and paying half the cost as the people who are still there as owners and who ultimately may say: "To hell with you; I'm moving out and you can have the whole place and rent it out for \$425 a month"? What are we doing to appease that type of situation?

MR. CRAWFORD: I suppose the question is: what should be done, if anything, about writing off part of the loan the owner has as compared to the rent? I guess the owner has a different approach. I can well understand people being very frustrated with the fact that for a given unit somebody next door is renting for only a part of the price that the owner is paying by way of payments on his mortgage. But after all, the owner will ultimately own the property; the renter will not. The owner has to judge that and see whether that's worth while. I suppose another factor is that all of these things tend to go in cycles. Who knows? Two years from now the owner could be paying less than the renter. That happened to be the case this month.

MR. NELSON: I don't believe that.

MR. GOGO: Mr. Crawford, although section 14 of the Act indicates that this committee will review and report concerning the investments of the fund, I assume that the very narrow view would be the return on investment of investments made by that fund. One of those would be the Alberta Mortgage and Housing Corporation. However, it would seem to me that in the overall context, where the general expenditures of the province now are in the magnitude of \$4,500 per Albertan, it would be in order for this committee to look at the Alberta Mortgage and Housing Corporation as a trigger mechanism that would incur other costs to the government. So I would think it would come within the purview of this committee.

For example, Minister, we have a pretty substantial investment in the lodge program in Alberta, along with the self-contained senior citizens' suites. Those become homes for Albertans, very similar to actually owning a single-family dwelling. In that context, it would seem to me that there would be an obligation that where we fund lodges, we incur operating costs of those lodges on behalf of the

General Revenue Fund of the province. Minister or Mr. Engelman, has the corporation considered at all applications from people who want to incorporate lodge programs, using Alberta Heritage Savings Trust Fund money, with nursing homes, for example? Has the corporation sent applications to you? Have the foundations sent applications to you, asking to incorporate nursing homes with the lodge program? It would appear to me, Minister, if one looks at the continuum of the senior, in ascending order it's the self-contained suite, the lodge program, the nursing home program, the auxiliary hospital, and then the very high-cost hospital. It almost seems to me that they should come under one ministry. That would be my view.

My question to either the president or yourself, Minister, is: have you had applications from foundations throughout Alberta to incorporate the nursing home program within the lodge program, either as an integral part or adjacent to? If you have, how have you responded?

MR. CRAWFORD: We have, and those decisions are pretty current, actually. Many people now talk of a one-window approach to care for the elderly, and there would perhaps be some advantages in having that approach. Others, of course, argue the other side. But the tendency now seems to be that people informed on the question of senior citizen housing do favour a variety of programs which would bring, for example, home care and the possibility of minimal care into lodges and more ease of transfer between the lodge and the nursing home. I think the home care aspect to lodges is one of most important developments. People who would see the ease of transfer between nursing homes and lodges would argue, of course, for the same site for the two projects. I'm not sure how many foundations have raised that particular point, but Mr. Engelman may be able to add to that.

I should add one more thing. I don't see the need for the many steps of the levels of care to be under one department. I think co-operation is essential, but I don't see it as necessary to have it under one.

MR. GOGO: One of the reasons I raised that, Minister, is the operative word in the lodge program: that is a person's home. In

recognition of that, we provide them with rental assistance of \$600 a year, I think. But in my view we're entering some very serious problems. The government passed the Nursing Profession Act, and now even a family member can't administer a prescription drug. The nurses are insisting and so on. I think we're getting ourselves into some problems. For that reason, I put the question. It would seem to me to be a wise idea to consider very seriously the integration request of these foundations with nursing homes along with others.

The second question, Minister. I think community housing is a very essential part of the housing program the government has, and I'm pleased to see that the heritage fund has invested in that area. Mr. Engelman, could you advise the committee what is happening with regard to the project I believe you undertook whereby, rather than building community housing, you could lease that from the private sector and have people who qualified under community housing occupy them?

MR. ENGELMAN: You're referring to the rent supplement program. We have attempted to do a rent supplement program in Lethbridge, to be specific. As it turned out, it didn't work that well. We couldn't find suitable units, and we didn't have a big response — one of the things that has changed, but that's a matter of when we need new product. We have added to the rent supplement program the ability to rent supplement new units. What that means is that we could go to a developer and say, "If you build 50 units, we will guarantee you the rental of 12 of them," and use those in place of community housing. As we talked about, the need for new construction in Alberta, for the other 36 units, is not there, so that hasn't developed either. But we are going to be pursuing that further, based on what our budget is of course.

MR. GOGO: My final question, Chairman, may be a little awkward for Mr. Engelman when his chairman is sitting with him. It relates to the Calgary McCall question. Has the corporation either considered, adopted, or made a recommendation that the Law of Property Act in this province be repealed as a way of ameliorating the problems with foreclosures? Maybe that's an unfair question. I'll withdraw it. It's not fair to the president with the chairman sitting there.

I'll just insert this one. We now have in place a policy with regard to self-contained apartments and community housing, Minister, that 25 percent of income be used as the rental payment for those projects. Is the government considering at all increasing that 25 percent of income as the amount paid for rental accommodation?

MR. CRAWFORD: That's a major policy question that I don't personally support. I don't know what the caucus would do in answer to your withdrawn question, changing the process so that mortgage lenders could go for deficiency judgments.

On the second one, my personal view is that the rental for seniors in lodges and other people in social housing should be 25 percent and not notched up.

MR. GOGO: Thank you, Chairman.

MR. CHAIRMAN: Just before I go on to the next speaker, I would point out to the committee that I've just received a request to have Mr. Crawford dismissed half an hour early for another meeting that has come up, so I would ask everybody if they could please be brief.

MR. GOGO: Is that dismissed or allowed to leave, Mr. Chairman?

MR. HAWKESWORTH: I just told somebody in the hall that you wouldn't be out until noon, but maybe he will be back, if that's for a booked appointment.

MR. McEACHERN: In view of the fact that Mr. Crawford has to leave early, perhaps we could consider having an update session with him and a couple of other members, maybe half an hour or an hour each, at a later date. I'm thinking of Mr. Shaben, whom we certainly did not get to finish our questions with. Perhaps I could talk to you about that later.

MR. CHAIRMAN: We can evaluate that later, but maybe we could move on and quicken up a little bit, because there are six or seven people left on the list.

MR. McEACHERN: Right; I'll try to be quick with my questions.

In terms of the Alberta Mortgage and Housing Corporation -- and in some ways, I guess, the same thing applies to the other Crown corporations that get money from the heritage trust fund -- it seems that in terms of cash flow you get a sort of circular little game going where we subsidize losses. We're talking about half a billion dollars of them this year. We don't have the annual statement. It seems that reporters can get the statements but we can't. So we subsidize the Alberta Mortgage and Housing Corporation. It pays its debenture bill at something like 14 or 15 percent, which is a kind of forced savings, I suppose, on the population, because all of a sudden the heritage trust fund is bigger. The annual statement says that the Alberta division increases by 14 or 15 percent in spite of the fact that the corporation is losing money. So it's really a sort of circular thing that we do.

My question to the minister is: don't you think it's time we really decided to take those Crown corporations out from under the heritage trust fund and deal with them as part of the general revenues of the province and forget about this fictional counting that says they're worth X billions of dollars plus the 14 or 15 percent increase, when we know that for the last three or four years they've actually been losing money?

MR. CRAWFORD: I think each corporation has to be looked at as to its capacity to pay, and they vary. For example, AGT can pay.

MR. McEACHERN: But the customers are Albertans.

MR. CRAWFORD: Right. The housing business is a bad scene overall, and the corporation was caught in that. I don't downgrade the thought that you have entirely, but I guess the answer is that the corporation has to borrow somewhere. The long-standing view was that corporations which were tied closely to the province should borrow locally if they could, and the fund was there for that purpose. I don't know what all the alternatives would be, but they can surely be discussed and debated. There is every reason for that. But as with, I believe, all provincially funded corporations, the corporation's repayments have to be, from a practical point of view, guaranteed by the Provincial Treasury no matter where the borrowing takes place.

MR. McEACHERN: Very quickly, one advantage of that would be that people in Ontario wouldn't think we had \$15 billion sitting around that's not in use. This money is in use and in circulation. We're not likely to sell off some of those Crown corporations. I certainly wouldn't advocate that anyway; they're all doing socially useful functions.

I want to go back to the restructuring proposal that you said the government was considering for some of the properties that are in trouble -- the potential for foreclosures, people that can't quite meet their payments, and that sort of thing. I didn't quite understand from your comments on that whether the restructuring would be done on an individual basis, taking a look at each individual and their particular circumstances, or whether there would be a basic plan that everybody in a certain category would automatically get whether or not they could somehow manage their payments.

MR. CRAWFORD: The proposal referred to was based on the revenue properties. The other plans for private lending and private homes are supported in other ways by the programs themselves, so the comment was made that CHIP and MAP are the subjects of renegotiation. The reason, of course, is that many people who built them simply cannot pay the payments. I wouldn't like to see the corporation be a much bigger landowner than it is, so the prospect of refinancing or finding some way to have the people who built them retain them and operate them in the marketplace seemed to be the way to go. Basically, the stage of the process is that the corporation has adopted a plan which will be offered to all the borrowers. If the plan is approved by the Treasury Board, that plan will be presented to all those borrowers.

MR. McEACHERN: Two questions arise out of that.

MR. CHAIRMAN: You have one left.

MR. McEACHERN: I'll try to make it a double quickly. One of the things you might consider as to who qualifies would be the level. I understand that one of the problems is that as time goes on, sometimes people get an increase in salary. Although it may not necessarily lead

to very much in the way of actual take-home pay, it puts them into a category where they no longer qualify. Have you looked at the salary levels?

I'll add an addendum. What about the people in those similar categories that already have been foreclosed on? Will there be any provision for looking back at them? They may qualify for some of these new rewrites, if you like.

MR. CRAWFORD: Are we looking at primarily single-family homes?

MR. McEACHERN: That was basically what I was thinking, yes.

MR. CRAWFORD: I've had some suggestions on things that perhaps should be done for single-family homeowners, and I think that was briefly discussed in the Assembly. The usual plan is based on this: if the corporation can take a property back and market that property, why not offer it first to the person who was foreclosed or who quitclaimed at perhaps market value with existing interest rates rather than the higher rate that was the rate when the loan was made. I think that sort of concept deserves more examination than we've yet given it. I want to bring that to the corporation for discussion by the board.

MR. R. MOORE: Mr. Chairman, I want to go back to the question that was raised by the Member for Lethbridge West. Senior citizens' lodges have played a major role over the years. When they came in, they were great and they certainly provided an excellent service. But times have changed drastically since then, because we recognize that people want to stay in their own homes. We've responded to that in various ways. We brought out the \$3,000 home improvement to them. There's the \$1,000 tax concession to the seniors and also home care, which allows them to stay in their own homes to the point where they have now bypassed the need for a senior citizens' lodge. By the time they cannot stay in their own homes, they are to where they would move to a nursing home, where they need more than what you can give in a senior citizens' lodge. Because the program has been well accepted and is working tremendously well, it has put a tremendous demand on nursing home facilities in all areas. Everyone here realizes that we cannot keep up

with the need for nursing home beds.

My question comes back to that, and maybe I'll put two in one here. Are we considering just maintaining our senior citizens' programs to the fine standard they are and not building any more, and would we allow the foundations to convert senior citizens' lodges to nursing homes? We're not finding the dollars to meet all the needs for that. Perhaps if we could get some co-operation between departments -- and I know that's hard, because I've been a member of government and realize how departments protect their little interest groups. They just refuse to work together. I think there's an area where government could give the foundations the right to convert a senior citizens' lodge or half of it -- if they've got 50 beds, 25 beds -- to a nursing home within that same facility.

MR. CRAWFORD: I don't see anything wrong with that. It's the same question as building one from the start and sharing the lodge and the nursing home functions. I think conversions have a small problem, and it can be large, if the conversion is of an old facility. Nursing homes require additional space for the new programs that most people want to see in nursing homes in the sense of parity and perhaps some other facilities in the nursing home directed toward the nursing function. Sometimes it would be very difficult to just knock out a few walls and make a nursing home in part of a lodge building. But I think it's necessary to assess all those situations and do what's needed.

The question of further lodge beds is right alongside the question of the dual type of facility, and the question of additional lodge beds really has to depend obviously on the funding. If that is not available, then it can't be done. But subject to that, I think it's necessary to look at the demand, the waiting list, and the aging, quite frankly, of the population. It is true that all those factors contribute to some additional demand for nursing homes but also for lodge beds.

MR. R. MOORE: Along that line, Mr. Minister, there still is, as you indicated, a demand for senior citizens' lodge beds. However, you have a parallel program. I don't know what you call it; you build and fund a senior citizens' apartment complex, and a local nonprofit organization manages it. It's usually a church group, and they do an excellent job. They do it

economically, and they do it with compassion. It's just an excellent program working with seniors in those self-contained units. It gives senior citizens that feeling of independence that they want.

My question is: are you considering giving that a higher priority than senior citizens' lodges? I just say that the senior citizens' lodges now is an excellent program, but we have other programs to serve our senior citizens that we should be looking at giving a heavier priority.

MR. CRAWFORD: Actually, the self-contained does have a higher priority. I think there are about three times the number of suites available under that program as there are lodge beds. So the priority is there.

MR. R. MOORE: Mr. Chairman, I have a third one, but because of the time and the minister has to get away, I'll just forgo it.

MR. CRAWFORD: Chairman, if the committee would allow me to thank them for being here. If you proceed further, Mr. Engelman will stay and can answer further questions. I would respond favourably to the suggestion that if the committee wants to do some catch-up on another day, I would come back.

MR. CHAIRMAN: Thank you very much, Mr. Minister, for your forthright answers this morning, and thank you as well for the most informative overview. Thank you, Mr. Engelman, as well. I think probably the committee will feel it's appropriate at a time in the future to invite you back. There are six people on the list.

Mr. Minister, please feel free to go ahead and leave.

MR. R. MOORE: Mr. Chairman, I move that at this time we adjourn until such time as the minister is available again rather than proceed with Mr. Engelman. We're here to address the department . . .

MR. CHAIRMAN: Just before we put that to a vote then, the Member for Athabasca-Lac La Biche.

MR. PIQUETTE: I'm just wondering. Can we perhaps direct a few questions to Mr.

Engelman?

MR. GOGO: I believe the minister has offered the president's services to the committee, Mr. Chairman, so it would almost appear to be in order that members could ask Mr. Engelman about the Alberta Home Mortgage Corporation.

MR. HAWKESWORTH: A question of statistics perhaps.

MR. CHAIRMAN: Sure. We have another half an hour, and I'd certainly be receptive to that. Then we'll just maybe stay on our . . .

MR. HYLAND: Didn't you make a motion?

MR. R. MOORE: Yes.

MR. PAYNE: I'd be prepared to second the motion made by the Member for Lacombe.

MR. CHAIRMAN: I will put the motion to a vote then, and we'll determine it from there. All those in favour of adjourning? Opposed? Carried.

MR. HAWKESWORTH: What was carried?

MR. CHAIRMAN: The vote was carried to adjourn.

MR. HAWKESWORTH: What was the vote? What was the number?

MR. CHAIRMAN: I believe it was 7 to 6.

MR. HAWKESWORTH: So you cast your vote in favour of adjournment, Mr. Chairman?

MR. PIQUETTE: Let's do that over again.

MR. CHAIRMAN: Okay, I'll have a show of hands again. All those in favour of adjourning? All those opposed? Carried. Six to 5.

[The committee adjourned at 11:33 a.m.]