

LEGISLATIVE ASSEMBLY OF ALBERTA

Standing Committee

on

The Alberta Heritage Savings Trust Fund Act

Tuesday, October 17, 1978

9:03 a.m.

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Chairman: Dr. McCrimmon

9:03 a.m.

MR. CHAIRMAN: Good morning, gentlemen. I think we'll call the meeting to order.

I believe you all have a copy of the minutes of the last meeting, that's meeting number nine. Have you had an opportunity to go over it. Are there any errors or omissions? There are also the minutes of meetings seven and eight that we have to adopt this morning.

AN HON. MEMBER: We just got the minutes of meeting number nine.

MR. CHAIRMAN: We just got the minutes of number nine a minute ago. Seven and eight you have had the minutes of and had an opportunity to go over. Perhaps we could pass on seven and eight and then later on we could come back to number nine.

With respect to the minutes from meetings seven and eight, are there any errors or omissions? If not, would somebody move the adoption of those minutes?

MR. TAYLOR: I so move.

MR. CHAIRMAN: Moved by Mr. Taylor. Seconder? Seconded by Mr. Musgreave. All in favor? That's the minutes for seven and eight. We will come back to number nine a little later on in the meeting because you haven't really had an opportunity to go over them as yet.

Motion carried

MR. CHAIRMAN: Tonight the sitting has been set aside so we can carry on with our meetings and try to get this completed. So we will be meeting here at 8 o'clock as usual, because we are in a pretty tight time frame with respect to our meetings and I've asked that the sitting be set aside so we can continue with our meetings here, commencing at 8 o'clock, if that is agreeable to the committee.

HON. MEMBERS: Agreed.

MR. CLARK: Is there any possibility that we could be through at 11:30. In light of the fact I thought we weren't meeting, I had some other arrangement; but I could sure be here by 8:30. Is that possible?

MR. Chairman: Well, it's up to the committee. We might have to sit half an hour longer.

MR. CLARK: I wouldn't be the one who would move the motion to adjourn a half hour earlier, anyway.

MR. CHAIRMAN: Frankly, gentlemen, we have a meeting for three hours this morning; we'll have this evening; and if we haven't finished by then, we have a meeting tomorrow morning again. So, you know, I think this gives us a pretty fair time to work on these recommendations and go in pretty thoroughly. But in light of our time frame, I'd like to get this finished up by tomorrow at the very latest if we can, because we want to get on with the report, get it into the House, so the bill can be brought in for debate in the House.

I've asked Mr. Appleby to try to be here tonight, so if you like we could start at 8 o'clock with Mr. Appleby's bill, if you have no objection, Mr. Clark, and that way perhaps we could get ahead. Are you agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Now I think we should go back to the trip to Airdrie with respect to any recommendations from the committee with respect to the trip. Mr. Clark.

MR. CLARK: Mr. Chairman, I have three recommendations I'd like to make. First of all, I'll just read them to you if that's agreeable.

MR. CHAIRMAN: Fine.

MR. CLARK: And we have copies of them coming shortly.

The committee recommends the appointment of a co-ordinator to oversee the completion of the Airdrie mobile home subdivision and that the co-ordinator be attached to the minister's office to work with the town of Airdrie, the residents of the subdivision and the Housing Corporation.

The second recommendation is:

That future mobile home subdivisions that are to be funded by the heritage savings trust fund be developed by the private sector after proposals have been received by the government and a decision made on which proposal best meets the social objectives of the proposed subdivision.

And thirdly:

That in the future, prior to decisions and announcements being made, consultation must take place between the government and its agencies and those communities to be affected.

Those are the three recommendations I'd make, Mr. Chairman.

MR. CHAIRMAN: Fine. Are there any further recommendations? Mr. Planche.

MR. PLANCHE: Mr. Chairman, will we debate these as we go or do you want to work something out?

MR. CHAIRMAN: Perhaps if we got them in, then we can see if there's any overlapping. I think that would be logical and might cut down on time. Are there any other recommendations?

MR. PLANCHE: If they're not in now, does that preclude us from adding them after the discussion goes on?

MR. CHAIRMAN: We're on the subject now. As long as we're on the subject we can get recommendations. I popped this on you, so perhaps if somebody isn't prepared, that's . . .

MR. PLANCHE: Well I could make a recommendation, Mr. Chairman. I'd like to recommend:  
That increased communications be established between the property holders and the Alberta Housing Corporation.  
Also that access to the proper supervisory personnel be established on a regular basis to hear grievances and expedite solutions.

MR. CHAIRMAN: Fine. There is quite a bit in common with Mr. Clark's first recommendation. Perhaps you, Mr. Clark, and Mr. Horsman could get together and maybe amalgamate one recommendation. You don't want that? Well, so be it.

MR. DIACHUK: Mr. Chairman, can we get two . . .

MR. CHAIRMAN: I think we'd like to have the four of them in writing. Perhaps if you could get some copies made up so we know what we're talking about.

MR. CLARK: Mr. Chairman, there are copies coming up. They will be here in just a minute. If you want to make copies right now, go ahead, but they are . . .

MR. CHAIRMAN: Perhaps while we're waiting for that, we could go on to the Prince Rupert situation and come back to this when we all have a copy of the recommendations before us.

Are there any further recommendations with respect to Airdrie?

All right, we'll go on to the grain handling in Prince Rupert situation. There is no way that we could get a meeting together in the time frame we have before us to get our report in to the Legislature. Now whether or not you want something done after the report is put in, that's up to the committee.

MR. NOTLEY: Mr. Chairman, I think we still should have meetings. I'm not quite sure of the form. I suspect we would have to get leave from the House, because when the Legislature prorogues . . .

MR. CHAIRMAN: Excuse me, Mr. Notley. We can sit at any time.

MR. NOTLEY: Okay. Well in that case, I would suggest that after the session prorogues you as chairman contact the people we asked to come and, at some appropriate time in two weeks, three weeks, or where it could be fitted in, but before Christmas, we have a meeting of the committee and hold hearings.

MR. CHAIRMAN: Any discussion on this?

MR. TAYLOR: Would that be to make a recommendation following the hearings of this committee?

MR. NOTLEY: It may well be, Mr. Chairman, that although we are to make a report to the Legislature, that could come in the following year. But I don't think there's anything that prescribes the committee, if we felt strongly

about something, from making recommendations directly to the investment committee.

MR. CHAIRMAN: Any further discussion?

DR. BACKUS: But aren't this committee's recommendations made to the Legislature? I mean aren't we a committee of the Legislature and therefore our recommendations are made to the Legislature, not as a sort of advisory body to the investment committee? In other words, are any recommendations we want passed on -- even though we may agree here on them, they may be debated in the Legislature. I kind of sounds as though we think this committee is a direct advisory committee to the investment committee, or something like that, which I don't think the legislation establishing us makes us.

MR. CHAIRMAN: I think, gentlemen, it might be well to check and look at our terms of reference as far as this committee is concerned, whether we're in a position to do that. I think we better have a good close look at our terms of reference.

MR. NOTLEY: Mr. Chairman, I have no objection if we review the legislation again. I don't think anyone is suggesting that we would necessarily have to present a recommendation. The point I made is that we certainly wouldn't be precluded from doing that. The investment committee will be getting recommendations from people, presumably, all the time. But certainly in terms of this issue, there is nothing wrong, even for next year's report, holding a hearing this fall, particularly after we find out where things stand in the harvest. I think it may very well be appropriate that we hold hearings for next year's report and if, as a by the bye, we decide that we want to make a recommendation to the investment committee, I don't think that would be precluded. But even in terms of drawing up the report for next year, it seems to me a rather relevant time to look at the whole question of grain handling because we're going to have all sorts of tough grain we're going to have to move.

MR. MILLER: I agree with the first point made by Mr. Notley in that we have a relatively short time frame for reviewing the investments that are being made out of the heritage trust fund; and certainly for information purposes for this committee, I think we haven't got the time frame before our report. But certainly I would agree that some time in the near future we be given the opportunity to meet with some of these people concerned.

MR. CHAIRMAN: Fine. Is it agreed then that the committee leave it up to the chairman to set up a meeting, I would suggest, gentlemen, after the House is finished . . .

HON. MEMBERS: Agreed.

MR. CHAIRMAN: . . . because we're all up to our necks in work during this next two, two and a half, or three weeks, whatever it takes to finish this session. Pardon?

MR. R. SPEAKER: We're all not nominated.

MR. CHAIRMAN: I am. But if that's agreeable to the committee, I will attempt to set up a meeting, probably some time the last half of November, the first part of December; and we'll be in touch with the proper people. I think a one-day session should finish it up fine. Then in that way we can do it at our time, perhaps not try and rush something in that is not well done or properly done. I will follow up the directive of the committee.

MR. DIACHUK: Mr. Chairman, just one suggestion. While you mention a one-day session, schedule it for two days. In other words, we can deal with what we receive during the hearings one day and then deal with the information the next day. Schedule two days for us.

MR. CHAIRMAN: We'll see how much response we get from the parties we ask. I suppose that depends a good deal on our timing.  
All right, the other point. Have we got the copies . . .

MR. SHABEN: Mr. Chairman, just before we leave that meeting, you may wish to consider holding the meeting some place other than Edmonton or Calgary, maybe even in the north.

MR. CHAIRMAN: We are not obligated to hold it here particularly. We can hold it in Calgary or anywhere else.

MR. NOTLEY: If we try to second guess where we're going to hold it, we'll be here all day.

MR. CHAIRMAN: All right.

MR. SHABEN: I'm not suggesting any particular spot.

MR. CHAIRMAN: Fine. Have we got the recommendations re Airdrie back yet? Perhaps we can just wait for them. I'd like to clean that up before we get on with our recommendations.

I've ordered coffee for 10:30, if that's agreeable.

As there is some overlapping with 1 and the recommendation of Mr. Planche, perhaps you could start with 2, and then we could compare Mr. Planche's and No. 1 when we have No. 1 before us.

No. 2:

That future mobile home subdivisions that are to be funded by the heritage savings trust fund be developed by the private sector after proposals have been received by the government and a decision made on which proposal best meets the social objectives of the proposed subdivision.

Mr. Clark, would you like to speak to your recommendation?

MR. CLARK: Mr. Chairman, just very basically, I make the recommendation because I think that what we saw at Airdrie clearly indicates the Alberta Housing Corporation certainly hadn't carried out that project in a manner that at least I had hoped they would. It seems to me that what direction we're giving in this recommendation is: the government would call for propositions, proposals, whatever term you want to use, from the private sector. The Housing Corporation, or some government agency, would then look at the proposals which come in and determine which one best meets the purposes of the proposed subdivision. Then the Housing Corporation or the government would

really become the public watchdog as far as the government itself is concerned.

It strikes me, Mr. Chairman, that one of the problems we've had at Airdrie is that really nobody has been there to watch that the Alberta Housing Corporation has been getting on with the job they in fact were to do. I see the role of the Housing Corporation or a government agency as being basically an agency to look after the public's interest. In our case at Airdrie, we have a situation where on one hand the Housing Corporation was acting as a developer and really should also have been looking after seeing the whole proposition was moving ahead in the manner that had been initially outlined.

That's really the reason, Mr. Chairman, that I make the recommendation.

MR. MUSGREAVE: Mr. Chairman, just on the last point the hon. Leader of the Opposition made, I think the project moved along the way it was outlined, and that was that Alberta Housing was to provide lots. It was not to be the overall developer and co-ordinator of the project.

I can support the concept of going to a private bid, and this is in effect what I think the motion is saying, that we should get bids from both the private sector -- I would suggest that if a government agency can likewise put in a bid, it should be considered. I just feel that to be critical of the Airdrie project . . . I'm not saying this can't be criticized, but I think it was a good project and the concept was realized. I think that many of the problems those people encountered were minor problems, and anyone who has ever lived in a new home anywhere in the province will know that most of those things will be forgotten a year from now.

That's all I want to say, that I think the concept was achieved that they set out to do.

MR. HORSMAN: Mr. Chairman, I wanted to take issue with item No. 2, not so much in regard to the concept that the private sector be encouraged to develop similar projects, but just to draw the attention of the committee to the fact that this mobile home subdivision was in fact not funded by heritage savings trust fund directly. It was funded through Alberta Home Mortgage Corporation. That is to say, individual lots were obtained and financed through them, but the Alberta Housing Corporation developed this proposal.

We went there at the request of the committee, it is true; but really, when we did so, I think we were perhaps overstepping the bounds of our committee's responsibility. The heritage savings trust fund provides the funding to Alberta Home Mortgage Corporation and Alberta Housing Corporation by way of picking up the debentures of those corporations. And in each case, the operation of Alberta Housing Corporation and the Alberta Home Mortgage Corporation is accountable to the Legislature for the works they undertake through a minister of this government; that is, the Minister of Housing and Public Works. So in actual fact, I think it should be clear that the funds only came indirectly from the heritage savings trust fund, and were allocated in fact to that project as a decision of a board of directors of the Alberta Housing Corporation. So we were really one step removed, as a committee, from the operation that is taking place in Airdrie.

Now, it seems to me that the appropriate place to raise objections or make recommendations on the operation of these projects is to the Minister of Housing and Public Works and in speaking to the estimates of his department in the regular budgetary process. That's really the appropriate place in which to make our representations, as members of the House rather than as the heritage savings trust fund committee.

At this stage, but leaving that technical issue aside, I do feel that the question of the private sector becoming involved is important. But the private sector is interested in something called a "profit", and in this particular case, no profits were being made by Alberta Housing Corporation. In fact the lots were being made available at cost to the purchasers of those lots. It, in itself, was an experiment. While I express some misgivings myself about some of the proposals -- for example, the one to build and lease out a commercial building on the site to individual businesses, which would in fact be in direct competition with other commercial developers of buildings of a similar nature -- nevertheless I do feel that the experiment in itself was widely supported during the course of our hearings. The mayor and those residents of the park who presented briefs, made it quite clear that they felt the concept was an admirable one and they were fully supportive of the concept itself. It is true that they raised objections and concerns as to the manner in which the matter was co-ordinated; and really that comes back to point one, so I think we can deal with it when we get to it.

But at this stage, in view of the support that the council and people who live in the park express for the concept, I would hate to see us make a recommendation which would in any way preclude Alberta Housing Corporation from carrying forward with this type of development on some future occasion. Therefore I can't support part two of Mr. Clark's motion.

MR. TAYLOR: Is this all one motion?

MR. CHAIRMAN: No. These are three separate motions, Mr. Clark, am I not correct? And we will take them one at a time. I think this is the intent of Mr. Clark, unless I am mistaken.

Is there any further discussion on No. 2?

MR. TAYLOR: Mr. Chairman, I rather favor the private sector doing these things. I also favor making the lots available at cost. I don't think the government should be making money out of the lots. The government will be able to tax those lots later, put them on the tax role, but I don't think we should be making money out of the actual lots. I favor the private sector having something to do with these; but by the same token, I think a good case can be made for the government to do some of these on its own as an indicator of what's involved and what costs are.

I don't want to come back to highway construction all the time, but when I was in Highways, we received some criticism because we had a paving crew under government control and a couple of construction crews. But because we had those, we were aware of what the actual costs were and the contractors then couldn't pull the wool over our eyes in regard to what was happening in the field. Because we had a couple of construction crews and a paving crew, we were abundantly aware of the problems with which the contractor had to contend, so it was advantageous. And I think it's advantageous for the government to do some of these as an indicator of what's involved.

So the thing I don't like about No. 2 is it's all mandatory that it must be the private sector. If that was worded that we recommend that the private sector, for the most part, look after the construction, I could certainly go along with it. But I don't want to preclude the opportunity of the government to have some experience that makes it a better master-servant arrangement.

MR. SHABEN: Mr. Chairman, Mr. Horsman raised an interesting point, and that is the technical question as to whether this is funded by the heritage fund or by

the appropriations of the departments. I think his suggestion is well taken that this might be more appropriately on the Order Paper of the Legislature.

The first recommendation, no difficulty whatsoever; nor do I have any difficulty with the intent of the second one. But I'm just wondering whether in the future the committee is going to be accepting and dealing with recommendations that really don't apply to the fund in a direct way. So it's a question we have to address our minds to, that if the actual appropriation is from the Department of Housing and Public Works -- and that's my understanding -- though the money comes from the fund in the form of debentures, that how far afield will this committee go at future meetings in dealing with matters, say, that relate to AMFC. We could be making recommendations in this committee as it relates to municipal financing, because funds are obtained by AMFC through the heritage fund.

The intent of the recommendation I have no difficulty with; it's just the appropriateness of it's place.

MR. TAYLOR: Point of order, Mr. Chairman. Is the argument that this subdivision was not funded by heritage savings trust fund?

MR. CHAIRMAN: No, Mr. Taylor, it's the method of funding the Alberta Housing Corporation. I believe that's the point in question. My understanding is the Alberta Housing Corporation is funded by debentures from the heritage trust fund -- but it has other sources of funding, I believe, as well -- and does the purview of the committee extend to all the operations of the Alberta Housing Corporation or does it not? Are we going beyond our terms of reference? I think this is the point in question that we are discussing at the moment on that, unless I'm mistaken.

MR. TAYLOR: Just on that point, if heritage saving trust funds are not involved, why did we ever go to Airdrie?

MR. CHAIRMAN: That was the point in question, I believe, that was brought up. Mr. Clark.

MR. CLARK: Mr. Chairman, to put the question the other way: is the committee to be excluded from looking into ventures which are included as investments of the heritage savings trust fund? If that's what we're going to do, Mr. Chairman, then the committee will have even less power than it has today. If that's what we're to do, if that's the argument of the hon. members for Medicine Hat and Slave Lake, that the committee is not to be able to look at all the investments and activities dealing with the heritage savings trust fund -- and that's really what they're saying to us in a very nice way -- then the committee is going to be constricted in its work even more than it is now.

MR. CHAIRMAN: It was my understanding, gentlemen, that we look at what is in the report. I believe that has to be our line of approach.

MR. CLARK: Balderdash! The government prepares the report, Mr. Chairman.

MR. CHAIRMAN: Well, Mr. Clark, who do you expect would prepare the report?

MR. CLARK: But we're not going to be constricted just to what the government has in the report.

MR. CHAIRMAN: Well perhaps we are, and perhaps we aren't.

MR. CLARK: We're not.

MR. CHAIRMAN: Let's discuss this. And the Airdrie situation does come under the report. That's what I'm saying.

MR. CLARK: That's right.

MR. CHAIRMAN: But we have to confine ourselves to the limitations of our terms of reference; there is no question on that. As chairman, we're not going wandering off on anybody's particular notion. Because they have an idea, that doesn't necessarily mean the committee has to follow along with it; but I do feel we should confine ourselves to the items that come under financing through the heritage trust fund that are in the report. I believe in this case that Airdrie does come under that item, so I think we are probably in order in that respect. But remember, Mr. Clark, somebody has to prepare the report; of course it's the government. However, all items of money spent are contained in that report.

Mr. Notley.

MR. NOTLEY: Mr. Chairman, I wonder if I could make a comment or two on the various points of order that have been raised.

First of all, I don't there is any particular problem here because, as you mentioned, the Airdrie mobile home park is contained in the report. So I don't think there should be any question about whether or not we should be discussing these recommendations or whether it was appropriate, as a committee, to go down to Airdrie.

On the larger question of investments that are made in government agencies, where debentures are purchased by the heritage trust fund, it seems to me that we shouldn't be making a hard and fast rule at this point and saying that only those things which are mentioned in the report would be investigated by the committee. It seems to me that that is something the committee is going to have to look at case by case, and if a member can present to the committee sufficient arguments to convince the committee to look into an area -- for example, Municipal Financing Corporation investments, AGT investments, or Alberta Energy Company investments -- that may not be directly mentioned in the report, but where at least part of the funding comes from the heritage trust fund, then it seems to me that's the responsibility of the committee at the time, and I don't believe we should be closing the door. We may, in terms of general strategy, follow the report that has been prepared by the investment committee under the purview of the Provincial Treasurer, and tabled in this Legislature. But I think the committee, if it's to do its job efficiently and properly, is always going to have to be master of its own agenda. As long as we are talking about investments that have been made, funded through the heritage trust fund, even if that's an indirect funding, it seems to me that if the case can be argued successfully, we should proceed.

Using that line of argument, we still would be quite proper to be looking at the recommendations on the Airdrie mobile home site, because we as a committee decided we'd look into it. Right or wrong, we decided to look into it. But there is no question in my mind, Mr. Chairman, that this morning these recommendations are clearly in order and we should probably get on with them.

MR. HORSMAN: May I speak to that point of order?

MR. CHAIRMAN: Mr. Horsman.

MR. HORSMAN: I raised the question; I didn't make it a big issue as to whether or not, because clearly it's in the report. The report takes credit for having involved itself in innovative procedures, et cetera. But I did want to point out in my remarks that in addition to the review by this committee, it's also clearly open to all members of the Legislature to deal with this matter, to make recommendations to the minister in the question of voting supply to the Department of Housing and Public Works in the forthcoming year; and also in respect to voting the appropriation, which we will be asked to do later in this fall session, to the Alberta Housing Corporation. The point is that there are ample opportunities to raise questions.

Now the fact is we went to Airdrie. And the second part of my remarks with respect to Item No. 2 was that I don't agree with the mover that the Alberta Housing Corporation should be restricted in its future endeavors to provide this type of innovative procedure with respect to land assembly; and that it's really on that point -- and I'm sorry perhaps if I led the committee off on another track -- that I wish to speak in opposition to Motion No. 2 by Mr. Clark.

MR. MUSGREAVE: Are we finished with the point of order, because I'd like to go back to the . . .

MR. CHAIRMAN: We're finished with the point of order; we're back on No. 2.

MR. MUSGREAVE: Could I propose an amendment to No. 2, Mr. Chairman?

MR. CHAIRMAN: You have that privilege.

MR. MUSGREAVE: My amendment would read as follows, and I would hope the committee members would bear with me.

Take out the word "future" and put in "that bids for mobile home subdivisions that are to be funded by the heritage savings trust fund"; take out the word "developer" and put in "be submitted by the private sector and Alberta Housing"; strike out words after "proposals have been received by", then put "to the government"; take out "and a decision can be made on which proposal best meets the social objectives of the proposed subdivision"; "social objectives of providing affordable housing".

Now I can read that . . .

MR. CHAIRMAN: Would you like to write that out, Mr. Musgreave, so we know . .

MR. MUSGREAVE: Yes, I can write it. I'll read it the way it should be.

MR. CHAIRMAN: Fine. Perhaps you would do that.

MR. MUSGREAVE: That bids for mobile home subdivisions that are to be funded by the heritage savings trust fund be submitted by the private sector and Alberta Housing to the government, so a decision can be made on which proposal best meets the social objectives of providing affordable housing.

MR. CHAIRMAN: Is that agreeable?

MR. CLARK: That's agreeable, Mr. Chairman.

AN HON. MEMBER: Would Mr. Musgreave just read that once more?

MR. MUSGREAVE: Yes. Sorry.

That bids for mobile home subdivisions that are to be funded by the heritage savings trust fund be submitted by the private sector and Alberta Housing to the government so a decision can be made on which proposal best meets the social objectives of providing affordable housing.

MR. CHAIRMAN: Mr. Musgreave, you realize that you are asking that the government and private sector bid on the same projects. Is that . . .

MR. MUSGREAVE: No. I'm suggesting that . . .

MR. CHAIRMAN: That's what your amendment reads as, as I understand it.

MR. MUSGREAVE: No, Mr. Chairman. The intent of the motion is that bids for mobile home subdivisions -- the government would in effect say, all right, we want to provide 500 lots in the metropolitan area of Calgary or Edmonton or, say, 2,000 lots in smaller centres, and ask for bids on proposed developments. That's all. And that's open to the private sector and Alberta Housing.

DR. BACKUS: Mr. Chairman, the word "bids on proposals" is confusing, because one either asks for proposals or you have a proposal and you ask for bids. I think the words "bids on proposals" should be left out, and substitute "proposals".

MR. MUSGREAVE: Mr. Chairman, I should say that on the last line, "on which subdivision best meets the social objectives", the word "proposal" is not there.

MR. HORSMAN: Mr. Chairman, I really feel that I must oppose the amendment as much as I oppose the motion itself. The amendment, it seems to me, makes the situation even worse by proposing that, with respect to proposed developments of this nature to be implemented under the aegis of the Department of Housing and Public Works through Alberta Housing Corporation, it would then be necessary for private enterprise and Alberta Housing Corporation, through some unknown means, to get together and then come before the government. The government means, of course, Executive Council, which places upon Executive Council an additional responsibility that I don't think is necessary or is presently contemplated by the present method of operation. This was a proposal, and we're getting involved in making a very complicated and complex new system without any specific means of getting the parties together -- Alberta Housing and the private sector. What is the private sector? To make bids?

I just don't see that this motion . . . [interjections] May I, Mr. Chairman, conclude my remarks? There is no clear method that is spelled out by making this amendment. I don't think it is a logical or reasonable procedure to follow, and I think the amendment is just as bad as the original motion; in fact, perhaps even worse.

MR. MUSGREAVE: Mr. Chairman, the intent of the motion -- you know, we heard a lot of criticism, particularly in the Calgary area, from private developers

who said they had no opportunity to provide subdivided mobile home subdivisions; that the government in effect -- and the government is Alberta Housing in this case -- went ahead on its own, provided the subdivision without giving the private sector an opportunity to bid. All I'm suggesting is that the private sector would have the opportunity to bid.

I don't want to get hung up in any legal harrassments or hassles with my learned friend back here, but frankly, all I'm saying is give the private sector an opportunity to see what it can do. And at the same time give Alberta Housing Corporation -- which we're defending -- an opportunity to say what it can do. Surely the two parties can compete. I'm not asking them to get together in collusion. Heaven forbid.

MR. TAYLOR: I can understand what Mr. Musgreave is trying to get at, but I'd hate to be the Minister of Public Works in that set-up. Because here I am with complete knowledge of what my department is doing, and I'm asking the outside people to bid without any knowledge of that. So then I decide whether I want the innovative or the excellent ideas that may come from my department, and weigh them against what the contractors bid. And if there's money involved, obviously the department can do it much cheaper because there's no profit. You don't have a profit motive. You simply pay the wages and the costs.

So it puts the contractor in a position where, whether he's treated fairly or unfairly, there's always suspicion that he's being treated unfairly. And it puts the minister in a terrible position. I really don't think a minister should be receiving bids from his own department and bids from contractors on actual prices. Now if you're just talking about proposals, that's a different thing entirely, and proposals can be submitted by everyone. But if you're going to decide on the price on an actual bid, then I think you're looking for some real troubled times, because it just doesn't work out that way.

MR. DIACHUK: Mr. Chairman, I don't have the difficulty Mr. Horsman has that the proposals be submitted to the government, because I always consider an agency of the government as the government, and I'm sure the public does too. And these proposals will be submitted to the proper agency, which is Housing and Public Works.

I really would like to see that we look at this amended recommendation, because it does, then, encourage and invite and even obligate the Department of Housing and Public Works that they don't do all the developments in this province. I would like to see some of it -- even though my good friend from Spirit River-Fairview might not agree with me -- but I would like to have it go even to the private sector. And this type of amended recommendation would even, in my mind, obligate Alberta Housing and the Department of Housing and Public Works to look to the private sector to come up with proposals.

As Mr. Taylor indicated, the government agencies usually work with no profit, but the private sector is more expedient and does develop a profit for themselves, and that would be fair ball with me.

MR. CHAIRMAN: Is there any discussion? Are you ready for the vote on the amendment?

*Amendment defeated*

MR. CHAIRMAN: Are you prepared for the vote on the motion? Question.

MR. R. SPEAKER: Mr. Chairman, I'd like to include another amendment to this resolution. Maybe it gets a little closer to what we're trying to aim at. After the word "private sector", I'd like to place in there:

. . . with the exception of experimental, planning or pilot projects the government may be involved . . .

In other words, what we're saying is that the private sector should be used to develop the projects. The purpose of the Alberta Housing Corporation is to set up the objectives of the project, and to enumerate them, clearly define them, and then put out the proposal. And then following that, after the proposals are in, they can contract it out to the private sector, and after that they can monitor and control and see that the objectives are met. But they stay out of the actual work, or the developing, as such.

However, what I have said in this amendment is "with the exception". If they have certain experimental ideas, planning ideas that they wish to put forward, pilot projects, controls such as Mr. Taylor has indicated here earlier -- I think because that has worked very successfully over the years -- then government may be involved. We're not saying they should stay out of it -- there are places for them to be involved -- but they don't do everything. Now that's the objective of that particular amendment that I'm suggesting, Mr. Chairman.

MR. PLANCHE: Mr. Chairman, I think that everybody in the committee -- if I can speak for them all -- would like to see these kinds of low cost lot developments continue one way or another. I think that's generally agreed. And my impression of Alberta Housing is that they have no equipment whatsoever; that no matter what the prime vehicle is in this thing, they're still going to have to go out for bid for the sub-contractors.

So it seems to me that this thing together, if I understand Mr. Clark's concerns -- we have to have an alternate to what we have, and I don't see that this is doing anything. No matter how you slice it, Alberta Housing is going to be the prime mover. They're going to set out the parameters, they're going to hire the engineering company that does the grading and the surveying, and then they're going to hire the people with the cats and the trucks and whatever else, which is where we are now.

And it comes back down again to: maybe it wasn't done as well as it should have been. We're now talking about how that thing could be improved. With respect to Mr. Clark, I don't see that anything innovative is coming out of all this. We're still back to where we are now, unless I miss it.

MR. CLARK: Mr. Chairman, could I perhaps try to broaden the thing out just a bit. The procedure that I would have seen used at Airdrie was that the Housing Corporation, or the government, set out the broad, general objectives they had in mind, which I'd say, Mr. Chairman, are very laudible. No one quarrels with that. Then the Housing Corporation would have requested, by means of public submission, proposals from whoever wanted to make proposals, as to how those social objectives -- affordable housing -- could be reached. After those were in and assessed, then a decision would be made to go with one of the proposals.

It would then become the responsibility of the successful proponent to move along with the program they suggested to the Housing Corporation. The Housing Corporation, then, could do the monitoring to in fact see that the program is moving along the way it was designed to.

You see, what's happened down at Airdrie is that the Housing Corporation is being, on one hand, the prime contractor or the developer and, on the other

hand, they're being the monitor too. They've got a conflict of interest in that project down there, and they haven't stepped on anyone.

MR. PLANCHE: So what you're saying, then, is that you would like an extra component shovelled into the thing where it presently is between AHC and the contractor.

MR. CLARK: And the Housing Corporation serve the function of doing the monitoring and seeing the projects moving along on time.

MR. PLANCHE: But what you want is one more overlay -- if I understand, Mr. Chairman -- between AHC at the top . . .

MR. CLARK: It's there now.

MR. PLANCHE: . . . and the people with the shovels, and what not, underneath. In here you want to have somebody who has submitted a bid and is going to do the thing. You want to have an extra person.

MR. CLARK: And they're responsible.

MR. PLANCHE: Okay.

MR. CLARK: They're the ones that are responsible.

MR. PLANCHE: And it's our intention, then, to do that at the same price as we're presently doing it.

MR. CLARK: Yes.

MR. PLANCHE: I see.

MR. NOTLEY: That's the theory.

MR. CLARK: I would hope, in fact, even less. We wouldn't have the waste we've got down there.

MR. PLANCHE: But the waste wasn't for the account of the lots, because those were firm prices.

MR. CHAIRMAN: Address the Chair, gentlemen. Mr. Shaben.

MR. SHABEN: Mr. Chairman, as a result of hearing the debate, and having expressed my views earlier, I'm just sort of extending this resolution -- or this recommendation if it's passed -- into an area outside of Edmonton or Calgary, where there have, from time to time, been projects developed by Alberta Housing Corporation. If it's done on a proposal basis it prevents, in smaller communities, the small contractors on an hourly basis from being involved. And generally speaking, when a contract is given to a prime contractor our experience, a long way from Edmonton, is that the people are brought in to do the work rather than the work being done.

I think, on viewing this recommendation, that it would be limiting to the options and the opportunities that are available for local people to get work, either on a sub-contracting basis or on an hourly basis.

MR. CLARK: Mr. Chairman, these recommendations go with Airdrie, and Airdrie alone, based on what the committee's seen down there.

MR. CHAIRMAN: Excuse me, Mr. Clark. I would have to accept that these are recommendations for the process of what is going to come in the future. It is not confined to Airdrie. When we make a recommendation, the recommendation covers the board as far as my understanding is concerned, and for future deals. Airdrie is already under construction, but what we're talking about is the operation of the Alberta Housing Corporation and the procedures of the Alberta Housing Corporation.

MR. CLARK: But based on what we've seen at Airdrie, Mr. Chairman, and what happened at Airdrie, and the sad experience at Airdrie.

MR. MUSGREAVE: It's not a sad experience. It's a damn good experience.

MR. CHAIRMAN: Have we any further discussion? Mr. Horsman.

MR. HORSMAN: Procedurally where we are, Mr. Chairman, I think we're on the amendment proposed by Mr. . . .

MR. CHAIRMAN: On an amendment by Mr. Speaker.

MR. HORSMAN: Mr. Speaker. It seems to me, without having the wording in front of me, that what he has proposed by way of amendment completely emasculates the motion itself. It says:

. . . with the exception of pilot projects, experimental projects and planning projects . . .

Well, that's as broad as the horizon, it seems to me, and certainly Airdrie itself could be regarded as an experimental project. Perhaps a development in lesser Slave Lake could also be considered as an experimental project or a pilot project, and so on.

I think what we have to deal with here is the concept of whether or not Alberta Housing Corporation should be restricted in its efforts to provide low-cost, affordable housing to Albertans. Now granted there were some difficulties with the first experimental project. Hopefully they, like anybody else, will learn from their experience in future developments if they are prepared to go into them.

I'm not suggesting that they should be going into competition with the private sector. As a matter of fact, we heard glowing tales of the private sector's development in Airdrie across the highway, and we heard some estimates about how the costs of the lots were equal, but we've received, I think, no firm evidence of that. In fact I have some serious doubts in my mind that those costs were in the order we heard about.

I'm opposed to this amendment, because I think if anything it waters down the intent of the original motion. I don't think we should be making a motion in this committee which would lead Alberta Housing Corporation to restrict its efforts to assist Albertans in obtaining low-cost, affordable housing. And that's what they're trying to do. If they can show a good example to the private sector, and allow the private sector in the future to make a profit, and provide lower cost lots for Albertans in mobile home subdivisions, well and good. But as I say, I am opposed to this amendment because it really, if anything, waters down the original motion which I am also opposed to.

MR. TAYLOR: Mr. Chairman, in analysing the resolution and the amendment, I think we have to remember that in a subdivision you have a developer, and then you have the contractors. The developer is the one responsible. Now I can't see how this is going to let Alberta Housing be the developer. Because it says "be developed by the private sector". That's a normal subdivision. The private sector -- if somebody starts a subdivision, he's the developer, and he hires the various contractors.

In this case, the developer was Alberta Housing, and Alberta Housing hired the contractors. So I can't really see what this resolution's going to do. If you're going to have the contractor develop it, we don't need the resolution at all. That's being done every day. And if you're going to say that even with the amendment, with which I generally agree -- but tacked onto this, I don't know what it's going to do, because you've already got the private sector developing it. So the private sector then hires the contractors. Alberta Mortgage is not in it. Alberta Housing is not even in it.

So the way the resolution is worded, I don't know really what we're going to accomplish by passing it at all. Unless you're going to say . . .

MR. CHAIRMAN: Are you ready for the question on the amendment? Mr. Speaker.

MR. R. SPEAKER: With regards to the developer, we believe that the developer shouldn't be the Alberta Housing Corporation, that that can be someone in the private sector. The purpose of the Alberta Housing Corporation as far as I'm concerned is that they can set up the objectives; they're the funding group. The developer and the sub-contractors or contractors carry out the project. The Alberta Housing Corporation supervises it to see that the objectives are met. [interjections] Well, yes. Okay, that's the way, hopefully, we want the thing to be interpreted. Maybe we should re-write the resolution to interpret it that way. That was the intent of what was written.

I'd really question the comments of the member from Medicine Hat, where he says that affordable housing only occurs because the Alberta Housing Corporation was involved as the developer -- that he was making references to higher-cost developed lots by the private sector across the road and in other places. If the hon. Member from Medicine Hat would add into the cost of Alberta Housing Corporation the cost of the civil servants that travel down there, that spend hours going back and forth, the cost of civil servants right from the lowest one to the minister, who receives a very high salary -- if they took a portion of that and put it into the project, those lots would not be affordable at the same, nor comparable to what the private sector can do it at. That's where some of these people who have left leanings miss some of the points of certain things. I think that's very, very clear, and I hope the secretary puts that in the minutes, in reference to the hon. Member from Medicine Hat. And we'll send that back to the *The Medicine Hat News* for clear reference.

But, Mr. Chairman, my point is that . . .

AN HON. MEMBER: He's probably a Socialist down there.

MR. R. SPEAKER: Our concern is that as a committee, and the people responsible for the Alberta heritage savings trust fund, we're letting the government become too involved in the mechanics of delivering the programs. And what we're trying to do is avoid that at this point by the resolution here. Maybe

Mr. Taylors' point is taken well, that we haven't quite worded it exactly that way.

MR. CHAIRMAN: Well, we have to come back to the amendment. Are you ready for the question on the amendment?

*Amendment defeated*

MR. CHAIRMAN: Are you ready for the question on the motion?

*Motion defeated*

MR. CLARK: Mr. Chairman, what was the vote?

MR. CHAIRMAN: The vote was three for, and six against.

MR. CLARK: Could the record record that Mr. Speaker, myself, and Mr. Diachuk were the three who voted for it.

MR. CHAIRMAN: We can so do. We will go on to Motion 3, by Mr. Clark:  
That in the future, prior to decisions and announcements being made, consultation must take place between the government and its agencies and those communities to be affected.

MR. CLARK: Mr. Chairman, in moving this resolution, I do this specifically because of the comments made by the mayor. The members of the committee will recall that he indicated that the town of Airdrie had no prior consultation to this project going ahead until they were advised by the government, through the minister's announcement, that it was going to go ahead. If the federal government treats the province of Alberta that way, with very good justification we complain and complain loudly, and should. I think what we're doing here is simply saying to the Executive Council: if you're going to go ahead with any of these kinds of ventures in the future, for Pete's sake take into consideration the local community, consult with them prior to the announcement being made, rather than advising them at the same time. That's the basis for the resolution.

MR. CHAIRMAN: I must make a comment from the Chair, that with all due respect to the Mayor of Airdrie, when you come to purchase major tracts of land on the outskirts of a city, it's a little difficult to advertise your intentions before you make the purchase. And I think it's been business practice for many, many years to tie up the property or make the purchase before you announce to all and sundry that such is the intent of any party.

And with all due respect to the Mayor, I felt that perhaps he was changing business practice as has been done for many, many years, when he made his suggestions. So I think it's a point that must be kept in mind when we're deciding.

Mr. Diachuk.

MR. DIACHUK: Mr. Chairman, I would really disagree with this type of resolution because I can just visualize the opposition criticizing the department or the government agency that goes into consultation, and then some friends might get in on the consultation and pick up the options, and then all hell breaks loose like it did at Vegreville, with accusations flying. I can't

see it, Mr. Chairman. Because it would just tie the hands of the government agencies trying to provide some affordable housing or land for affordable housing. I would vote against it.

MR. CHAIRMAN: Are there any further discussions with respect to Recommendation No. 3?

MR. TAYLOR: Well, Mr. Chairman, I'm wondering if this resolution is dealing with the purchase of the land. I wouldn't be in favor of making that public, because the price would go sky high if the people find out the government's trying to buy land. But once the land is purchased and you start to plan your subdivision, then I certainly think the local authorities should be consulted, because they have good ideas.

MR. CLARK: Mr. Chairman, that's the point that His Worship, the Mayor of Airdrie, made. He didn't ask that the town of Airdrie be involved in the purchase of the land, but he made it very clear to the committee -- if you go back and check his presentation to the committee -- that the town of Airdrie was not consulted in any way, shape, or form. They knew the government had the land out there, but they had no idea what use the government was going to make of that land until the public announcement was made.

And that's the kind of thing we're getting at here. It isn't a matter of the town of Airdrie -- or any other municipality -- being involved in purchasing the land, but it's a matter of what use is going to be made of that land after. Because it was well known in that area, Mr. Chairman, that that land had been acquired by the government for a considerable period of time prior to Mr. Yurko making the announcement, without any consultation with the town, any input from the town.

And that's what we're getting at, Mr. Chairman. We're not suggesting that there be a public announcement made that we're going to buy land. It's after the land is acquired, Mr. Chairman, that the consultation should take place.

MR. HORSMAN: Well, Mr. Chairman, I'm glad that the hon. member tried to clarify this motion, but it clearly reads "in the future, prior to decisions", and it seems to me the first decision that has to be made is to buy land, the most important decision perhaps. On that basis, I simply cannot support the motion.

Furthermore, on the subject of consultation and so on, I think the mayor indicated that prior to the final plan being announced, there were consultations which took place. Not the initial announcement -- there was a proposal to go ahead in that area. But certainly I thought the mayor left an impression that prior to the detailed announcements, or the detailed plans being agreed upon, there was a large amount of consultation and discussion.

I can't support the motion in its present form, because it's just totally impractical. I'm sure Mr. Taylor would agree that if prior to the acquisition of right-of-way for highways, or other government projects, it was necessary to consult with the municipal governments who might be directly involved or peripherally involved, there would be absolute chaos. It leads to all kinds of abuses, or potential abuses, and I don't think that it can be supported for the same reasons given by Mr. Diachuk.

MR. NOTLEY: Well, Mr. Chairman, I don't think there's any question that no one here is suggesting that there be any consultation prior to the purchase of the land. I think probably the resolution is just slightly ambiguous on that and

it might be useful, if we were to pass it, that that would be an amendment that would clarify that aspect so we don't get into the situation where we are increasing the value of the land, allowing all sorts of insiders to make money and what have you.

But what I think the thrust of the recommendation says -- and I agree with the points that have been made by Mr. Clark and others -- is that there just wasn't the kind of ongoing consultation that one would have expected after the land was purchased. That's certainly what I perceived the mayor saying. And quite frankly -- I don't want to go on a tirade -- I've had other cases, too, where towns or villages are just more than a little annoyed with Alberta Housing. Once the land is purchased, they don't know what is happening, because they're just . . . Alberta Housing has done a lot of good work in this province, but it also has a bad reputation with a number of people for not doing the consulting on an ongoing basis with the local government -- keeping them posted on what's going ahead.

We've had all sorts of problems with rural and native housing, for example, in northern Alberta. Excellent programs; first-rate programs. But the local councils don't know what's going on. First of all rumour takes over, and then we have an awful mess.

I think that the major point in Airdrie just confirmed what I saw in other communities. There just wasn't the time spent after the land was purchased to sit down with the council and keep them posted on every aspect of the development.

MR. MUSGREAVE: Mr. Chairman, perhaps I'm not aware of the problems facing some of the smaller municipalities, but I find it hard to accept the statements that the local municipality doesn't know what's going on. Because the fact that Alberta Housing has the land -- they still have to get building permits, development permits. I would imagine they'd have to get occupancy permits. I mean, what are the administrations of these municipalities and villages doing?

MR. TAYLOR: Mr. Chairman, there's more than simply getting the permit. Unless you're going to keep the town advised . . . First of all, I should say the town's going to have to be responsible for this place afterwards; they're going to take it over, it's going to be part of the town. Unless you keep your town advised in regard to grade lines, in regard to what you're doing on your roads . . . Are you building a modern road or are you building a cow trail? Are you going to compact it? Now unless you tell them what you're going to do, and the type of material you're going to use, they don't know, and you may well leave them with a tremendous maintenance problem if the contractor doesn't have very strict specifications with regard to building the roads alone.

There's also another problem, and I think it's going to be evident in that subdivision, where some people have not lived up to the grade line. Where they don't live up to the grade line, you either have to get steps to get up to them or they have all the water coming down into their home. That's a problem that's going to affect the individuals as well as the town.

So I really suggest that more than just simply getting the permits . . .

MR. MUSGREAVE: Mr. Chairman, I want to rebut here. I can see the confusion here. You know, on one hand we're talking about land development, land assembly and all the services that are provided. On the other hand we're talking about -- you know, we say Alberta Housing isn't doing things. When I drive through a town and see a big sign up that says "Financed by Alberta

Housing", that to me is Alberta Housing at work. They've built some houses, or duplexes or fourplexes or whatever.

Sure, I agree with Mr. Taylor on the other part of it, but I think we're sort of mixing apples and oranges here in our debate.

MR. CHAIRMAN: Are you ready for the question with respect to No. 3? Mr. Planche.

MR. PLANCHE: Mr. Chairman, in the transcript of those remarks as I read them here -- this is Mr. Bennett -- it says:

Several meetings were held with Alberta Housing and the Corporation and the Town worked cooperatively to establish a plan for the development of the site. He observed that had the procedures which were laid down at that time been adhered to, there probably would not have been any major problems.

So I agree that there must be consultation between Alberta Housing and a neighboring community. I think that's imperative. I also am sure that there can't be any announcement until after the land is bought. In the case of the Airdrie particular, it would indicate that in fact those consultations had been carried out.

MR. CLARK: Mr. Chairman, it should be pointed out that the hon. member is reading from the minutes of the meeting, and not from the actual comments the mayor of Airdrie made.

MR. PLANCHE: On a point of order. Those minutes were documented unanimously this morning by the members of this committee.

MR. CLARK: They may well have been.

AN HON. MEMBER: So what?

MR. CLARK: But the fact remains that that isn't what happened down at Airdrie.

MR. CHAIRMAN: However, to get back to . . . Are you ready for the question?

MR. CLARK: Mr. Chairman, in concluding the discussion here. You know, what we're really talking about here -- as I pointed out earlier -- is not the acquisition of land. If we were talking about acquisition of land, we would have "acquisition" in there rather than "decisions and announcements".

MR. CHAIRMAN: Mr. Clark, in all due respect, that is not what your motion reads.

MR. CLARK: It says: "That in the future, prior to decisions and announcements being made . . ." That's what it says. The point I am making is that if we were talking about acquisition of land being included in those kinds of prior consultations, we'd have said "acquisition" in the amendment or in the motion. We didn't. I just draw that to the committee's attention.

The second point that I want to make is that we're hearing here this morning the same basic arguments, in a little different form, that the federal government used against the province of Alberta, when it comes to consultation on a federal-provincial basis. All sorts of airy-fairy reasons why we can't have consultation federally-provincially. We were just hearing the same

arguments only this morning used by the government MLAs', as to why there can't be consultation on a project like this.

I just think it's most regrettable that the whole idea of saying to the government, look, you're going to have a significant effect on a community; get down and have some serious consultation before the announcements are made; don't go in after and really give the community very little choice -- tell them what's been decided for them.

MR. CHAIRMAN: With all due respect, Mr. Clark, you have three words, "prior to decisions", in that motion.

MR. CLARK: That's right. Exactly right.

MR. NOTLEY: Mr. Chairman, could I move an amendment that after the word "future" we put in the clause "with the exception of land acquisition", so that it would read:

That in the future, with the exception of land acquisition, prior to decisions and announcements being made . . .

I think that would clarify it. At least we'd have a . . .

MR. CHAIRMAN: You have an amendment? Are you prepared for the question on the amendment?

HON. MEMBERS: Question.

*Amendment carried*

MR. CHAIRMAN: "That in the future, prior to land acquisition . . ." Are those the words, Mr. Notley, that you . . .

MR. NOTLEY:

That in the future, with the exception of land acquisition, prior to decisions and announcements being made, consultation must take place . . .

With the exception of land acquisition.

MR. HORSMAN: Speaking to the amendment, I think it should be clear that I believe that that is in fact what did take place here. The communications broke down after the plan had been announced and arrived at between the town and Alberta Housing Corporation. Furthermore, we must not overlook those days of rain, despite the fact that the Leader of the Opposition wants to pretend that you can proceed with construction projects in the midst of a long rain period. But I won't belabor that point. I favor the motion in its present form.

MR. CHAIRMAN: We have agreed with the motion. Are you prepared for the question with the motion as amended?

MR. MUSGREAVE: Mr. Chairman, I'd like to speak against the motion. I think that the project -- you know, I just don't think the motion is relevant at all, because I think when you put that number of people together in a subdivision like that, you're going to have problems. I don't think they're major at all, and for us to say that the government must do this, I can't support it.

MR. CHAIRMAN: Are you ready for the question?

MR. TAYLOR: I don't want to complicate the matter, Mr. Chairman, but I think there's another amendment that should be made. Just to have the consultation prior to decisions and announcements is fine. But that doesn't solve a lot of problems. I think there should be continued consultation, so I'm going to move that "continued" be placed in front of "consultation". No, that won't do it, because this is prior to decisions and announcements. Anyhow, I'd like the consultations to be continued. I won't bother making an amendment.

MR. CHAIRMAN: Are you ready for the question?

HON. MEMBERS: Question.

*Motion as amended carried*

MR. MUSGREAVE: I'd hope, Mr. Chairman, that you'd record that I voted against that, please.

AN HON. MEMBER: So did I.

MR. CHAIRMAN: It will be so recorded.

I think we'll break now for five minutes for coffee.

MR. CHAIRMAN: We'll call the meeting to order again, gentlemen.

We have two pretty similar recommendations: No. 1 by Mr. Clark and the recommendation by Mr. Planche. Now can we get them together into one or do you want to take them separately; that is up to the committee. I think if everybody read over Resolution No. 1 of Mr. Clark and the resolution by Mr. Planche, we could decide whether we amalgamate them or take them separately. That's up to the committee.

MR. PLANCHE: Well, if I could speak to mine, Mr. Chairman. I don't have any particular quarrel with Mr. Clark's over mine excepting that I would be very concerned that an Alberta government employee would take the kind of profile down there, which he almost has to take, where he would be responsible for things like selecting which contractor was responsible -- in the first place, so he could get in the place. Secondly, getting involved in quarrels between the house builder and the house buyer which are outside the realm of his purview as a land and lot developer. I sure see the necessity of having the man on site. I think that's imperative, and I agree with Mr. Clark there. It's just the division of responsibility because he is a government man and because he is only a lot developer I would see spreading all over the place. It would be impossible for him to withdraw from any of the complaints he got, as I see it. I think that would be a shame. So aside from that nuance in his that isn't maybe in mine, I don't have any quarrel with it.

DR. BACKUS: Mr. Chairman, the Department of Public Works apart from Alberta Housing has an inspection branch in which they have a great deal of expertise as far as inspection is concerned and a good knowledge of all aspects of building. It would certainly be possible for somebody -- although he would be government, he wouldn't be Alberta Housing -- to carry off that office of coordinating and overseeing that would be normal to his work with regard to public buildings.

MR. HORSMAN: I'm wondering -- this is by way of a question to the mover of the motion -- whether or not he might accept an amendment or be even prepared to put it in to include in this the contractors and the mobile home suppliers. Because it seems to me from the remarks we have heard that those areas of concern were raised. We had a letter -- I'm sure we all had copies of the letter from the Canadian mobile homes association - which pointed out some of the factors they were involved with as far as supplying the homes to the various sites and so on. They, in fact, recommended in the letter to us that a full-time site project manager be retained; they say by Alberta Housing Corporation. Perhaps, as Dr. Backus has said, it could be somebody from public works to ensure there is a swift completion of phases one and two. I wonder if you would consider that as part of your motion.

MR. CLARK: Mr. Chairman, just in response to Mr. Horsman: I would be quite prepared to put in, after the word "subdivision" in the last line, "contractors and mobile home suppliers". Mr. Taylor made the suggestion of contractors. Wasn't that right, Mr. Taylor?

MR. TAYLOR: Yes.

MR. CLARK: So we would put contractors and mobile home suppliers in there, and the Alberta Housing Corporation. Does that meet your concern, Mr. Horsman?

MR. HORSMAN: Basically, yes it does, Mr. Clark.

MR. CHAIRMAN: Does that cover your concern then, Mr. Planche?

MR. PLANCHE: I don't like to belabor this thing, but the words "oversee the completion of the . . . subdivision" indicate more to me than just the lot development. Again, I'd hate to see this man in that kind of profile. I can see him ending up as the judge and jury on leaky roofs and bad plumbing and all kinds of . . .

MR. CLARK: If I could just respond, Mr. Chairman, to Mr. Planche. I appreciate the point Mr. Planche is making there. I think that is one of the advantages of considering having this person from outside the Housing Corporation attached to the minister's office, Hugh, because there are some areas that are beyond the purview of the Alberta Housing Corporation or the government's role in this thing. That person may well have to say, sorry, but that we can't look at. I recognize the need for that kind of judgment in whoever is appointed.

MR. TAYLOR: Mr. Chairman, I think if this had been done we would never had been asked or never have needed to go to Airdrie. I just can't follow having a project that big with a man responsible for several other projects all over the province, and if people have to phone to Calgary when they have a complaint. If it were my doing, I wouldn't even have the smallest project without somebody there fully responsible all the time. I think that is the secret in this type of thing. If a contractor knows there is somebody there with an eye on him all the time, you're going to get good work. Some contractors will do it anyway, but a lot of contractors don't. I think this is the one essential ingredient that would have made that thing a really outstanding success. I still think it can do a tremendous job and bring it to an outstanding success if we get a -- I personally prefer an engineer. An

engineer attached to the department of public works would have the authority, the know-how, the knowledge. I just think it would make a world of difference for this whole project.

MR. CHAIRMAN: Any further discussion? Before we get into this, do you wish to take yours as well, Mr. Planche, or do you wish to take the one recommendation? I think perhaps we should decide that before we vote on it.

MR. PLANCHE: I'd like to go with mine also, because I'm going to have to vote against the one that . . . I'd like to have one person voting for that one of mine. That would be me.

MR. CHAIRMAN: With respect to Mr. Clark's, we're speaking to the amendment as brought in. Recommendation No. 1 by Mr. Clark.

*Amendment carried*

*Motion carried as amended*

MR. CHAIRMAN: Mr. Planche has suggested we withdraw his motion. Are you agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Fine, we'll go now to the recommendations put forward by Mr. Horsman, which we had to skip last week because he was away. Recommendation No. 5, Mr. Horsman:

That consideration be given to the construction of an airport terminal building at the Medicine Hat airport similar to the planned or under construction projects at Lethbridge, Red Deer And Grande Prairie.

Mr. Horsman, would you like to speak to your recommendation?

MR. HORSMAN: Yes, Mr. Chairman, I appreciate the fact that this is certainly may be regarded as parochial in nature. However, the motion arose from the very real concerns there are in my area with regard to the present terminal. Anybody who has been there, including the Leader of the Opposition, the hon. Member for Spirit River-Fairview and others, will appreciate the fact that it is certainly antiquated and out-of-date. It really arose as a result of the invitation by Dr. Horner when he appeared before the committee to anyone who wished to make recommendations with regard to any specific projects, that they be put in the form of a motion and a recommendation from this committee. So it's on that basis that this motion was put forward. Certainly in my opinion and the opinion of the Medicine Hat city council it is warranted. I won't say anything more than that. I ask for the support of the committee.

MR. CHAIRMAN: Is there any discussion on the motion?

*Motion carried*

MR. CHAIRMAN: I think you have one further motion, Mr. Horsman.

MR. HORSMAN: Mr. Chairman, under highway construction, page 4, 2A and 2B, I don't know whether the committee considered B at their last meeting.

AN HON. MEMBER: Both were held.

MR. HORSMAN: Both were held. Well, that being the case, perhaps I will lead off by putting forward my recommendation:

That consideration be given to a capital commitment for the construction of primary and secondary highways on a 10-year program similar to the commitment for capital works for irrigation to provide continuity and firm commitment.

That motion I put forward because of the reason given by Dr. Horner in his meeting with us. There is no decision made by the investment committee to utilize capital projects for this type of program. I wanted to see something developed on a 10-year basis similar to that in irrigation so that those people who are involved in highway construction would have an opportunity of gearing up and planning programs to extend over a much longer period of time than is presently the case. It seems to me that we are suffering in Alberta from a lack of people who are involved in highway construction. That is evident from the fact that Dr. Horner said that when he came before the committee. I've observed the experience in southern Alberta with respect to irrigation that companies that are now coming into place, knowing there is a firm commitment on a 10-year basis -- engineering companies are locating in Lethbridge in particular, which is really the centre of irrigation in southern Alberta. Construction companies are going forward with expansion plans, the acquisition of major capital equipment, and they are able to plan with a fair degree of certainty for what will be at least a 10-year project and hopefully will carry on beyond that. Irrigation districts are able to plan with a good deal more positive planning. I think it is working out to the benefit of not only the irrigation districts, but certainly those people who are involved in engineering firms, contracting firms and so on. It's for that purpose that I put forward this motion. It seems to me our highways programs within this landlocked province are absolutely essential for the development of Alberta in our economy. As we upgrade our agricultural processing industry, we're going to have to get the goods to market. Highways are going to be a very major part of that program. I think we should be planning these things on a long-term basis rather than year to year. So that's why I've put forward this motion.

One other thing I might say. I think it is absolutely clear that we do not want to provide a monopoly to any particular engineering or construction firm, but rather to provide an atmosphere where there will be healthy competitive bidding. Nor do I think it is advisable to announce in advance or give estimates of how much money will be spent on any particular project, that indeed those should be left to the free competitive bidding.

Going back to the irrigation experience a few years ago, I know that there were very few contractors who were prepared to undertake the acquisition of major machinery, because quite frankly they didn't know whether or not there would be any funds committed on a regular basis. I think that the same thing might very well be true of the road-building industry in this province. Now there are those who argue otherwise, but I think this would be a very useful way of providing for the economic development of Alberta, and to provide major benefits to all Albertans to have this done through the heritage savings trust fund capital division. So this degree of certainty of funding being made available will be there in a similar manner to that now being provided for irrigation works.

MR. CLARK: Mr. Chairman, I just want to make three very brief comments.

First of all, I want to say I am in complete agreement with the intent of what the hon. member is talking about. That is to get a long-term commitment as far as capital commitment for the construction of primary, secondary highways on a 10-year basis; I would agree with that. But I would say to the hon. member and to members of the committee -- and I will be making this argument later on, but I suppose I should make it now and I won't have to make it quite as long later on -- that what we're asking to be done here is to use the heritage fund capital projects portion as a vehicle to fund what up until now has come out of the operating budget of the province. What the hon. member says, and he says it very well, about the need to allow planning to go ahead, despite the fact that the department's budget each year is approved on a yearly basis -- we shouldn't conclude that there isn't a great deal of long-term planning done by the department of highways now. I can think of a number of roads that the department has been working on for years in that particular area.

Also, I'd point out to the members: to get the kind of stability in the industry that the member refers to can be done by getting the kind of commitment for funds on a long-term basis such as has been done with regard to the urban transportation policy of the government. If my memory is accurate it is a five-year program, isn't it, of so many dollars being made available to the cities of this province under certain conditions during five years. Now there is no reason we couldn't do the same kind of thing, say, in the spirit of this motion -- a 10-year program for equipment of funds for primary and secondary highways and, say, the Legislature each year is going to appropriate X number of dollars from its operating budget. So from the standpoint of planning, from the standpoint of stability to the industry, it can be done through the operating budget simply by the means of the government giving a long-term commitment. Because in both cases it has to be either approved at the spring session on the operating budget, or the fall session, the moneys that go into the capital projects portion.

Mr. Chairman, the second point I wanted to make is simply this: I believe so very keenly that this committee has got to be increasingly careful about using the capital projects portion of the fund as simply a means of not putting enough money in the ordinary operating budget of the province, and to come around to the capital projects appropriation and in fact take the money from there for the kinds of things that are part of the infrastructure of this province. When the idea of the heritage savings trust fund was first explored and discussed in the House by the Premier, the Premier talked about unique projects which wouldn't ordinarily be able to be funded by the operating budget of the province. Certainly primary and secondary highways across the province aren't unique projects from that point of view. Now the Premier uses the term "special projects". I don't want to get involved in the semantics other than to say that the reasonable and proper place to fund a primary and secondary highways program in this province is to fund it out of the operating budget of the province, not out of the capital projects portion of the heritage savings trust fund. I'll have more to say on that later on. I have no qualms with the idea of a 10-year commitment as far as primary and secondary highways -- fair ball. The point I'm trying to make to the committee is: be very, very careful that we don't start to use the capital projects portion of the heritage fund as simply a means to pump more money into things which should be done, there is a need for it to be done, but should be done out of the operating budget of the province. And remember, when you look at the operating budget of the province, we've got \$2.5 billion of surpluses over the last three years. There is ample money there to be taken

and to be used in the normal operating budget of the province. That's where I think this motion by Mr. Horsman should be handled.

MR. CHAIRMAN: This point that Mr. Clark has brought out we have to be very careful of. It is beyond our terms of reference to make recommendations to the minister if the funds come out of general revenue through the normal budgetary process. This is beyond our terms of reference as a committee. So this is something that has to be kept in mind. If it is a recommendation that the moneys be allocated from the heritage trust fund, fine, it comes within our terms of reference. If it doesn't, it does not come within our terms of reference and this is what the committee has to decide. So, Mr. Horsman, you may wish to elaborate further on your motion, but as I understand it if you carry on with your motion, it would be that the funds would come from the heritage trust fund. Because otherwise we do not have jurisdiction within this committee to recommend to the minister how to run the department of highways and how to lay out his program. So perhaps you would like to speak to it, Mr. Horsman.

MR. HORSMAN: I just wanted to make it clear, Mr. Chairman, that I am proposing that consideration be given to using these funds from the capital projects division of the Alberta heritage savings trust fund and not from the regular operating revenue of the province. Mr. Clark has raised a very good point, which he has raised in the previous meetings. So I think there is no question that he may wish to vote against the motion on the basis that he thinks, not that the funds should come from the heritage fund, but that they should come from the other operating revenues of the province. If so, that is a legitimate position for him to take. But the point is, I want to make it quite clear that I feel that this long-term commitment should be made for the development of highways in the province on the same basis as the commitment was made by the government with respect to development of irrigation works from the capital projects division of the fund.

MR. CHAIRMAN: Fine. I think we're all clear on that point, because it is the key to this recommendation. Mr. Notley.

MR. NOTLEY: Mr. Chairman, there are two points that I think have to be addressed in this recommendation.

The first I think most of us agree with -- that if we can undertake a long-term commitment, that would be better for the industry in total. I think in fairness it should be said there is long-term planning now; although, as I see how roads sometimes go up or down on the priority list, one wonders whether or not the long-term planning is quite as consistent as we would like to see it. Nevertheless, there is presumably long-term planning. The commitment from a 10-year program as Mr. Horsman has mentioned would certainly make it possible for people in the industry to gear up for future projects.

MR. CHAIRMAN: You're speaking from the heritage trust fund?

MR. NOTLEY: Yes, I'm speaking from the heritage trust fund.

MR. CHAIRMAN: Fine.

MR. NOTLEY: Now the point, though, that I think has to be made is just to register a bit of a caveat. If we were to take 10 years ago and say, all

right, we're going to make \$25 or \$30 million available a year for our secondary and primary road program, that would look very impressive. It would be a \$300 million project. But of course \$300 million over the next 10 years wouldn't build too many roads. I think that if we're talking about a commitment, and I would ask Mr. Horsman if he would perhaps elaborate a bit on what he sees here, probably we would have to look at a commitment to construction rather than a dollar commitment, because at this stage dollars are really going to be so qualified. And I think we're going to run into this with the irrigation program, at least if the irrigation people I have talked to are right. You know, our \$200 million will be far more than \$200 million by the time we finish, and fair ball, I think it is going to have to be. Because we're going to have to keep pace with construction costs. That's the first point.

The second point is this question of whether or not we should be financing projects of this nature from the heritage fund, or whether it should come from general revenue. Now, Mr. Chairman, I would say where I would draw the line is not so much on using the surplus. I think that the point Mr. Clark raises is a valid one, and the arguments he advances are certainly legitimate ones. My concern as to whether it is financed from the heritage fund or whether it is financed from general revenue relates much more to the question of whether there is going to be legislative control. If we were asking that something be funded out of one of the other divisions -- the Alberta investment division or the Canadian investment division, where there isn't legislative control -- I would be voting against it. But in view of the fact that we're making a recommendation here for the capital works division, where there has to prior approval by the Legislature, to me that's the fundamental question of whether or not the Legislature is going to be making the decision. And in the case of all capital works investments, it must be the Legislature that makes the decision before any activity can begin or any commitments made. So that being the case, the most serious obstacle in my mind of prior approval of the Legislature is overcome, because this is an investment of the capital works division that Mr. Horsman is proposing. It seems to me that the other argument that can be advanced for looking at this as an investment under the heritage trust fund is that while diversification of the economy of Alberta is not necessarily a prerequisite for the capital works division, there is no doubt that a long-term road program, both primary and secondary highways program, that transportation facilities are the basic prerequisites for decentralization and diversification. Therefore I think you can make some of the arguments for coming under the heritage fund. But the caveat I would express is that as long as it's the capital works division, fair ball. If we were trying to do this under the Alberta investment division so there wouldn't be Legislative control, I would be opposed to it.

MR. TAYLOR: Mr. Chairman, I support the resolution and for a number of reasons.

Number one, I think it is a proper charge on the Alberta heritage trust, because unless you have roads you just don't have development of any kind. Roads are basic to almost every type of development. Unless the roads are there, you are going to retard development in various parts of the province.

Secondly, there is a lot of long-term planning going on in the department today, but the planning consists of deciding on the location of the road and the preliminary engineering, certainly not the detailed engineering.

Thirdly, using it from the normal budget is hardly satisfactory because, as Mr. Notley just mentioned, there are too many ups and downs. If things get a

little tough the first place you cut it off is highways, because people take the view, you build them now, you can build them then. Actually a premier of this province took that attitude and said, we can build them next year just as easily as this year. If you check back through the depressions, the highways department and public works are the ones that got the cuts, the ones that got the real cuts when things got tough. So there is always that fear on the part of the engineers in the department of transportation in regard to how much money they are going to get.

Another thing that I think we have to remember: this year -- and I made a check on this personally and confirmed it with the department -- in the height of construction every available contractor had work. And to have let any contracts at that time would have meant exorbitant prices, because what a contractor would like to do would be to cue up a number of jobs. Sometimes I've known them to bid two and three times the normal price. If they get it then they will go to all the trouble, because they are making a lot of money because they couldn't take the job at that particular time. The big advantage I see in putting a fund like this aside is for the prairie road builders, the contractors to build up their capacity. At one time we had only three contractors in this province that could do base course work, and a couple who could do asphaltting surface. We had to build up the capacity, bring in contractors from everywhere, learn the know-how, send people to school, et cetera. Right now they're meeting the demand. But unless we build up that ability to contract, and this can't be done suddenly overnight, then the people of the province are going to be paying more for roads than they should have to under a competitive bidding system. So I see the big advantage in this is that the department of highways can then not only secure their right of way, decide on the location, and clear it with the people, but do their preliminary engineering and their detailed engineering; and there it is all in a package, put it on the shelf, and when the time comes they can go out and build that. The same as we did to a degree with the secondary road program. Several roads sat on the shelf for two years because the government decided they didn't have the money to do it. Had there been something like this in the background, the secondary road program would have been far more advanced than it is today. But by putting this up there, the department can do that detailed planning, get it all ready, and the contractors will grow. There will be people coming in from various provinces; people today who are doing subbing will grow and become a prime contractor. That is what we need to develop the province. This I think would have a tremendous effect in giving our contracting ability, our contracting forces, an opportunity to grow and expand.

DR. BACKUS: Mr. Chairman, I agree very strongly with the concept of a 10-year program, but like Mr. Clark I feel that this should be part of the operating capital of the department. The only advantage I can see for it coming under the capital works of the heritage fund is that some years because of adverse weather it's impossible to complete the total project for that year and at the end of the year the funds are returned to general revenue, and next year it has to start all over again. If it were in the heritage fund then unused funds would, in fact, continue to draw interest and would therefore be of a greater value the following year.

I could see one way in which this could be gotten around. That would be that the funds would be allocated from the heritage trust fund and would sit there accumulating interest until such time as they were spent. Then upon completion of any road, the department purchases that back from their

operating fund. At the end of the 10-year project in fact the moneys would have gone back into the heritage trust fund, and we wouldn't have used the heritage trust fund, which is for future generations, on projects which by rights should come out of the operating costs of the province.

MR. CHAIRMAN: Any further discussion? Mr. Shaben.

MR. SHABEN: Well, I really hesitate to get into this thing because, on the one hand, if you speak against it, it may be misconstrued that you're against roads being built in the province. On the other hand, if a person speaks for it, it may be misconstrued that the general revenue or the Department of Transportation isn't doing long-range planning, and that the allocation of \$200 to \$300 million a year that we become accustomed to is not sufficient. For example, I'm aware of the need for roads in certain parts of the province -- special projects. I'm also aware of tenders that have been called where the bids have come in at 30 per cent or 35 per cent higher than estimates, and the work isn't going forward because the bids are too high, so the capacity isn't there. So the argument that has been advanced that this would allow growth of our road building capacity may be valid, but I think it's growing anyway. The capacity of the general revenue to provide funds for road building is there. I also have difficulty because last year the committee made a recommendation that we urge that funds be used for the market road system in the province. Maybe I'm just thinking out loud, but it's rather a difficult question to deal with.

MR. CHAIRMAN: I think it's a difficult question. Basically I don't think anybody here is against roads. I don't think that's the concept of the committee. Basically what we're talking about if this motion is passed is that portions of the Alberta heritage trust fund capital account be allocated to roads. If it's turned down, it means that it carries on, because as I've mentioned before we cannot under our terms of reference tell the government or the minister how to spend his budgeted allotment from general revenue. So that is basically what we will be voting on when we vote on this motion. As long as it's clear to all members of the committee. Mr. Horsman.

MR. HORSMAN: May I conclude the debate on this?

MR. CHAIRMAN: We have Mr. Kroeger who wants to get into it.

MR. KROEGER: Well, Mr. Chairman, going back to the concept of what is outlined for us. We're talking about something that would not otherwise be done. I would like to ask the mover if he would consider at least narrowing that down. The concept of highways and secondaries seems to open the door to the whole road building situation. If we had a specific like the MacKenzie Highway left and could say, for the development of the north, this kind of thing should be done. But that thing is down the road -- no pun intended. The highway network -- and I would think Mr. Taylor could probably substantiate -- the provincial highway network must be in planning long range. It seems to me the deficiency is in the secondary system. I'm wondering if we could narrow the thing down to where we could say, well, the secondary system is going to be held back for reasons of a shortage of funds, that a concept could be developed of concentrating on secondaries that wouldn't otherwise happen. I'm wondering if the mover would consider narrowing the thing down a bit.

MR. HORSMAN: Well, Mr. Chairman and Mr. Kroeger, in answer to your question I think that I made the motion in its present form because of the fact that last year's commitment from this committee, which has been repeated this year by Mr. Notley by way of an additional motion, referred only to the secondary road program. I felt that in fact it should be expanded to include the primary highways as well on the 10-year program. I wish to draw to the attention of the committee that the words are "that consideration be given" by the investment committee to this proposal. So I, as mover of the motion, was very specific. My intention was to expand it beyond just the secondary road system to include the primary highway system as well.

I would like to if I may, before the vote is taken, conclude the debate by making a few comments, Mr. Chairman. In making this motion then, I think it is quite clear that when we ask the investment committee to consider we are asking them just to do that. We're not asking them to make a firm commitment. But I would like to see consideration given to this concept. We did it for irrigation. I think we should do it for this very important aspect of the economic life and welfare of Alberta; not just the secondary highway program but the primary highway program as well, because we're going to have to move goods and services throughout this province on the highway system by and large in years to come.

In order to come within the terms of the act, I just want to read Section 6(1)(a). This is where it would have to fit:

the making of investments in projects which will provide long term economic or social benefits to the people of Alberta but which will not by their nature yield a return to the Trust Fund.

So the key words there are: "long term economic or social benefit to the people of Alberta". I suggest that there is no question that the expansion and development of our highway system would do those things. It seems to me the main question which we must answer or deal with is the one raised by the leader of the Opposition. That is, whether or not those long range economic and social benefits which will be provided by an expanded road network in this province should come from the operating budget, as the leader suggests, or the Alberta heritage savings trust fund. I suggest it is only really by commitment on a 10-year program, similar to that which we've given to the irrigation works, that the people who will be involved in developing the necessary systems to deliver the construction of these highways can really gear up with certainty for those long-term projects which will be so important to us. We can't rely on the present system of providing the funds on the catch-as-catch-can basis in the budgetary estimates, where the Minister of Transportation has to go before priorities and fight for every dollar he gets against everybody else who is competing for the dollars from the regular operating budget.

MR. CLARK: May I ask a question, Jim?

MR. HORSMAN: Yes, certainly.

MR. CLARK: In the course of deciding, though, what projects are going to be included in the priorities of the capital projects portion, isn't there the same kind of sorting out as far as priorities, Jim?

MR. HORSMAN: Yes, there is, but it's a new area of funds available for this that is not now made available, and it has been the judgment of the investment committee that funds will not be committed. I am hoping that by asking to

reconsider that position they will, in fact, come to a different conclusion than that which they have done at the present time.

The other thing: I wanted to answer a question raised by Mr. Notley. I'm not suggesting that by urging this commitment these be the only funds made available to the Department of Transportation, but that indeed they be a base and that we will know that there is at least that much money available. And hopefully, indeed, there will be additional funds made available in each year's operating budget.

That's certainly the case with irrigation. In addition to the capital works funds that are made available, there are also funds being made available through the Department of the Environment, through the regular votes, and through the Department of Agriculture, and I think that the same principal should continue. But at least there will be this commitment, and that people will be able to plan accordingly.

I would ask for your support for this consideration by the investment committee.

MR. CHAIRMAN: Are you ready for the question? All those in favor of Mr. Horsman's motion:

That consideration be given to a capital commitment for the construction of primary and secondary highways on a 10-year program similar to the commitment for capital works for irrigation to provide continuity and firm commitment.

*Motion carried*

MR. CHAIRMAN: Now, Mr. Notley, do you wish to carry on with your motion, or do you wish to withdraw it? I believe it is covered in the motion we have just passed.

MR. NOTLEY: Resolution B is covered by Resolution A, so there is no point in continuing.

MR. CHAIRMAN: So you are prepared to withdraw your motion.

MR. NOTLEY: That's correct.

MR. CHAIRMAN: Are you agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Now I believe there was one other where there was supposed to be a meeting between Mr. Notley, Mr. Clark, and Mr. Peacock with respect to one resolution here.

MR. NOTLEY: Mr. Chairman, we have not had an opportunity to have that meeting yet. We will try to have it done . . .

MR. CHAIRMAN: Could you try to get that for tonight so that we could clean it up if possible?

MR. NOTLEY: There's also a similar problem with respect to resolutions under mortgage investment, (a) and (b), and we'll try to have that for tonight.

MR. CHAIRMAN: For this evening if you possibly could.

All right, we will carry on over to the recommendations. We covered the first three, I believe, on the last day. On procedural recommendations, we are down to No. 4:

That all capital projects be removed from the heritage trust fund and be supported from general revenues.

MR. CLARK: Mr. Chairman, may I just make an overall comment that might enable us to deal with a number of these resolutions.

First of all, Mr. Chairman, might I suggest that No. 5 could, perhaps, be withdrawn because of the debate we are going to have this afternoon in the Assembly itself.

MR. CHAIRMAN: You would like to withdraw No. 5?

MR. CLARK: Yes.

MR. CHAIRMAN: Is that agreeable to the committee?

HON. MEMBERS: Agreed.

MR. CLARK: I do that in light of the discussion that will be taking place in the Assembly on private members' day this afternoon.

Mr. Chairman, I've made a number of recommendations -- I think there are five or six of them here that my colleague and I have made -- and it really flows from the point that we were discussing on Mr. Horsman's resolution. That is the question of despite what it says in Section 6(1)(a) of the Heritage Savings and Trust Fund Act -- we're talking about capital projects -- that long-term economic and social benefits. That's really the criteria we're using as far as the capital projects portion is determined. What is happening is that we're having a far hazier line of demarcation, if that's the right term, a far hazier line being drawn between what legitimately is done in the operating budget of the province and what is now being funded out of the capital projects portion. We have now had the best part of I guess three years to in fact see the kinds of projects that are finding their way into the capital projects portion.

Basically the submission that I am making here today is that the projects that are in the capital projects portion are worthy, supportable projects. I don't argue with that. But the point I want to make is that basically these projects should be funded out of the capital budget or the operating and capital budget of the province and not out of the heritage savings trust fund.

So with regard to this resolution, really what it says is that the capital projects portion of the fund would really be eliminated, that the projects which to date have been funded by the capital projects portion would go over to the operating budget of the province. I emphasize to the members that there is latitude there to give long-term kinds of commitments. I use the example of the commitment made to the cities in Alberta as far as urban transportation because there's a need for long-term planning by all that's involved. On the other hand, I raise this question because I think increasingly what we're seeing is the capital projects portion of the budget being used as a means of really getting around the operating budget of the province, and we don't really see the overall picture as it really should be as far as Albertans are concerned.

That really is the basis, Mr. Chairman, for the argument, and I want to emphasize this isn't a matter of disagreeing with the projects, but in fact

disagreeing with the place from where the funding is coming. In my judgment, these projects should be funded from the general revenue of the province.

I just conclude by saying this and reminding members that we have at this time in Alberta an anticipated surplus by the end of this year of \$2.5 billion. Those are the figures that Mr. Leitch gave us in his budget this spring. It can't be argued that these capital projects could not be funded out of the operating budget of the province, allowing the heritage fund to take 30 percent of resource revenue. We have the \$2.5 billion for accumative surplus at this time. I frankly would see these projects being funded out of there in the normal operating budget of the province, and then the heritage savings trust fund would be used primarily in the areas of Alberta and the Canadian investment portions.

MR. NOTLEY: Mr. Chairman, I have a certain sympathy with the resolution, although I don't think I could support it. We have seen a whole series of what one would have to classify as shades of gray decisions. No doubt when one looks at the cancer centre in Calgary -- and it's a very worthy project; we see that there are auxiliary hospital beds, and we could go on enumerating many examples ad infinitum of areas where, you know, it's debatable whether we're crossing into things that have normally been funded from the general revenues of the province under the capital expenditures of the province as opposed to the heritage trust fund facade.

I suppose the concerns I would have: first of all, at the present time we are in a position where we have in a sense the best of both worlds. We have a lot of money in the heritage trust fund, in the neighborhood of \$4 billion, and we have \$2.5 billion surplus. Whether or not that surplus will continue to be a surplus or whether it will be transferred to the heritage trust fund, I suppose, in a sense is something that may change. If the legislature decides that instead of allocating 30 percent we increase that to a higher level so that, in fact, we don't build up surplus revenues to the heritage fund, then we may not two or three years down the road have this huge general surplus as well as the heritage trust fund.

So in a sense having this money in addition to the trust fund is something that we're not sure will exist two or three years from now. It will depend what we, as a Legislature, do (a) with that \$2.5 billion and (b) with the formula of 30 per cent. If we increase it to 40 percent or 50 percent, then we're not going to have a large amount of money in accumulated surplus in addition to the heritage trust fund.

That raises in my mind the concern that really Mr. Taylor pointed out, that with a lot of these worth-while capital projects -- and we were talking about the capital projects and the primary highway and secondary program -- as long as we're caught in the ordinary budgeting procedures of the government, if we find that we have fairly tough times, then if we're ever going to cut, we're going to cut in public works. There's no question about that. We're going to cut the hospital construction. We're going to cut in road construction. We're going to get into the situation that, my heavens, we've been into -- I remember in 1971 in the first budget of this government we had a deficit of \$190 million. There was certainly no large capital works program that first year and it was very obvious why there wasn't. We didn't have the money. We had a serious deficit.

So one of the problems I see in this resolution is that right now we could do it and not, you know, distract from the long-term planning in capital works programs. No doubt about that. What's the situation going to be like if we make changes and if our projections in oil and resource revenue change, what's

the situation going to be like 10 years from now or 7 or 8 years from now? Are we not by eliminating the capital works projects here reducing our ability to begin long-term, consistent planning in capital works development which should occur quite apart from the ups and downs of the provincial economy in other areas and whether or not we have a surplus in general revenue.

So with that in mind, even though I have a certain amount of sympathy for the concern here and the fact that there are a whole series of shades in gray decisions -- and having the capital works division leaves one open to the suspicion that it becomes a bit of a slush fund -- the fact of the matter is that the long-term needs for some kind of coherence, planning and commitment in my judgment leads me to the conclusion that we need to retain the capital works division. The other good thing about the capital works division, and this is repeating something I said before, is that it is subject to the control of the Legislature. That's a very important point to be made, because it puts investments under this division in the same category as the capital works expenditures of the various departments when they come to the Legislature.

MR. CHAIRMAN: Any further discussion on the motion? Mr. Horsman.

MR. HORSMAN: Yes, just one point. I wanted to underline the point just made by Mr. Notley that I find it incredible that the Leader of the Opposition and his colleague would come forward before this committee and recommend that we abolish the one section of the fund which is subject to appropriations specifically for projects and subject to debate within the Legislative Assembly, in view of the earlier arguments made by that party with respect to the question of legislative control. I argue, of course, that by appropriating the 30 per cent we have a full opportunity to debate the other questions, but in this particular case I find it most unusual to have this argument advanced by the Leader of the Opposition.

MR. CLARK: Mr. Chairman, I'm not surprised that my good friend the member for Medicine Hat finds the argument incredible. I find some of his the same way. I would point out to the hon. member that by taking the direction that we have pointed out here, the members of the Legislative Assembly would once a year deal with the total budget of the province in its entirety. It wouldn't be a situation where we deal with some things in the operating budget, capital budget, and some in the heritage savings trust fund appropriations that come along in the fall. So let's not leave the impression that by moving in this direction there wouldn't be legislative control over what was happening. In fact, indeed there would be. It's simply a matter of determining whether that legislative control would be done in the spring in its entirety or in fact do we have the position we have now.

The second comment I want to make deals with the points raised by the member for Spirit River. May I be so frank as to say the guts of his argument was that when times get tougher, it's the capital projects area which are cut. We all recognize that and the hon. member is exactly right. But let us not be so naive here either to say that if times were to get tough, and some very difficult decisions had to be made as far as financing within this province, you wouldn't look at projects in the capital part of the heritage savings trust fund with the same kind of difficult scrutiny that you'd have to look at the operating budget too.

So please don't any of us leave with the feeling that if we get to a difficult time financially down the road, just because we have a capital

projects portion of the heritage savings trust fund there's some mystical veil around that, and that it wouldn't be looked at from the standpoint of the tough economic circumstances our government would be in at that particular time.

MR. CHAIRMAN: Are you ready for the question? All those in favor of Motion No. 4 by Mr. Clark:

That all capital projects be removed from the heritage fund and be supported from general revenue.

There's a preamble after that but that's your basic motion, Mr. Clark. Am I not correct?

*Motion defeated*

MR. CHAIRMAN: If you would turn now to Motion No. 6.

MR. CLARK: Mr. Chairman, on Motion No. 6, might I attempt to perhaps discuss 6 and 7 together, and if the members then are prepared to buy the proposition, fair ball. I get the distinct feeling, Mr. Chairman, that there may not be as much enthusiasm for these two resolutions as there was perhaps for the idea of a co-ordinator at Airdrie, so I'll make my comments with regard to both them and perhaps . . .

MR. CHAIRMAN: Would that be agreeable to the committee if we combine 6 and 7?

MR. CLARK: Mr. Chairman, the essence of 6 and 7 is basically this. In those portions of the heritage savings trust fund, mainly the Acadian and Alberta investment division, there is no involvement by members of the Legislative Assembly prior to those decisions being made. Now when we debated this in the legislature when the bill went through initially, we weren't successful in getting the members of the Legislative Assembly to be able to have control over the fund. Really what this is, Resolution 6, is to say, look, then let's recommend to the cabinet that they consider the idea of this select committee having some pretty major input as far as an investment decision is made as far as the heritage savings trust fund is concerned.

No. 7 really says that for this committee to be effective in looking at what's going on, there's a need for this committee to be beefed up by, I would suggest, perhaps a contract with one person in the investment field who is able to give some sort of assessment to members on an ongoing basis as to what is being done, who would be available to members to consult with. I just feel when a member of this committee is looking at some \$4 billion and we're to be the watchdog for the investments of some \$4 billion, there is a need for this committee to have some expert advice. I was going to facetiously say, Mr. Chairman, that perhaps now the deputy minister of urban transportation has left, we might take the money from that position and use it to take on not him but a contract . . . In fact if I had my way he'd leave earlier -- but to take the money from there and acquire some independent consultants so that we could, at the wish of the committee, have a more detailed look into the investment practices.

MR. CHAIRMAN: Any discussion? Mr. Musgreave.

MR. MUSGREAVE: Mr. Chairman, I can't support this motion now. I could have supported it if we had left it separated, in that I think we have had the

debate on item 6 in the House and, you know, I think members of the Conservative government were concerned about this and have said so both in the House and in public. So I think that debate is over and voted on and let's get on with it.

I do have concerns on No. 7 and I feel I must support Mr. Clark, in that I look on this committee as being perhaps more independent than some of my colleagues do in that I do think we have a very serious responsibility. We are in effect the most independent group of people in power to look at what's happening to a very unique collection of money in the history of Canada. I notice Mr. Clark on the federal scene suggesting that legislative committees of the House of Parliament be in power to hire independent staff and to make more or less apolitical recommendations. I really feel concern in this regard, and I will debate it more in the House this afternoon when we're discussing the heritage fund. I do feel the suggestion has merit, but the committee has agreed to combine it, so I'll vote against the entire thing.

MR. NOTLEY: Mr. Chairman, on a point of order I wonder if we could really separate the two, because although I strongly support the principle of the Legislature controlling the fund and having prior say on investments, I'm not really sure that I see No. 6 as being a reasonable compromise. I think you're either in favor of prior legislative control or you aren't, and the 6 in my view is sort of almost a counter-cabinet approach. I really have some concerns over No. 6.

But No. 7 is something that, I think, we just have to support. That doesn't mean that the chairman is going to go out tomorrow and start engaging consultants and what have you. But if we're going to make this committee the independent watchdog committee which it was intended to be when the legislation was passed, if we're going to widen the scope for our doing the job as fully as we should -- as fully as the \$4 billion investment requires that we do -- then I think we have to be in a position from time to time to contract people in the private sector, or what have you, to give us background information. I think we are already as a committee, if I may say so, broadening our scope. We did that when we went down to Airdrie. We're going to do that when we have hearings on the grain handling question. It seems to me that No. 7 sort of fits into that. I could caution people not to assume that if we pass it we're going to be spending money overnight. But we have to have the flexibility to do that.

So I find that I can't support 6 even though I support the legislative control of the fund, because I think there are certain concerns I have with the delegation of investment authority to this committee. But for us to fulfil our watchdog capacity, I think 7 is an excellent recommendation and has merit.

MR. CHAIRMAN: Perhaps what we should decide here is do you want to separate 6 and 7?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: It is agreed we separate 6 and 7, which contradicts our first agreement a few moments ago. So we are speaking now on No. 6 alone. Mr. Horsman.

MR. HORSMAN: I just wanted to make one small point, and that is that the hon. Leader of the Opposition continues to try to make the debating point on this

issue that no members of the Legislature have any input as to the investments made under the other two divisions in capital. I would remind him once again that all members of the Executive Council are members of the Legislature and all members of the Executive Council are subject to legislative control and support for their programs. The annual appropriation bill by which we move 30 per cent of the non-renewable resource revenue into the Alberta heritage savings trust fund is fully debatable in this legislature and every aspect of the fund may be debated under that bill. If the Legislature refused at any time in the future to approve that appropriation bill, surely that would have to be regarded as a vote of non-confidence in the government. It is only through this Legislative Assembly and the support of the majority of the members of this Assembly that the Executive Council exists. This fiction that the Leader of the Opposition continually tries to put about, that no members of the Legislature are involved in making these decisions, is just utter nonsense.

MR. CLARK: Mr. Chairman, in concluding the debate, I will resist the opportunity to answer a very weak argument.

MR. CHAIRMAN: Are you ready for the question on No. 6?

*Motion defeated*

MR. CHAIRMAN: No. 7:

That the heritage trust fund committee be empowered to hire professional staff assistance and to contract independent analysis, in either case to enable more effective review of heritage fund investments and more informed direction of future investments.

Is there anything in our terms of reference that says we cannot do that now?

MR. CLARK: Mr. Chairman, what we're really saying here in this recommendation is to the cabinet. The committee feels that it needs to have these funds available to contract some independent resources. That's really what the resolution is saying.

MR. CHAIRMAN: Yes, I understand what the resolution is saying. I just want to clear up that point. I do not believe that there is anything in our terms of reference that says that this committee cannot do these things now if the committee so made that decision.

MR. NOTLEY: Mr. Chairman, as we're serving notice both to the cabinet and to the people of Alberta, as required to fulfil the functions of a watchdog committee, we are prepared to do these things.

MR. CHAIRMAN: I realize what the motion means. Mr. Horsman.

MR. HORSMAN: Mr. Chairman, I think this is a useful motion and I think that by doing so we will be adding another one of the operating rules to the committee that we are establishing as we go along. I think we had some procedural rules added last year, and necessity has seen fit for us to add another procedural rule this year. Earlier in our debates as to how we deal with the submission of recommendations to the committee and subsequently then to the House -- this is another useful way, I think, of building up a set of rules that this committee will operate under in the future. I think, while they are subject

to change and the committee can change them at any time, it is useful that we build up this body of operating rules. Certainly this particular clarification will be useful to us and to future committees in dealing with the operating system of this committee. And really, I think perhaps this motion, looking at it now in retrospect, should have been placed in those procedural areas that we considered. But I certainly support the idea behind the motion and hope we will add it to our growing list of rules.

MR. TAYLOR: Mr. Chairman, if this is to be used sparingly I can see it. We already have some professional staff. We have staff here now that is being paid for by the government. I hope this isn't going to be the growth of another bureaucracy. We keep accusing the government of having too much staff, and we keep passing resolutions asking for more staff. I would not be in favor of a full-time secretariat. If that's envisioned in this, I can see where we sometimes would want to have an independent analysis made of certain items and hire some independent expertise for certain problems. I personally do not favor a full-time secretariat and another bureaucracy that's going to duplicate things that are already being done. I can support it for the occasional use when required.

MR. MUSGREAVE: Mr. Chairman, in asking the committee to separate these two motions my concern would be that of Mr. Taylor. I would be appalled at the idea of hiring permanent staff to do this work. I think as time goes on, and we've got to realize that this thing is still very new, we gain experience in the fund and the Executive Council and everyone else in the province of Alberta becomes more familiar with it. There are going to be times when we want to hire some very expensive independent research and economists, things of this nature, that it's going to be -- you know, the bill may be \$50,000 to \$100,000, but my reaction would be, so what when you're dealing with billions. But I wouldn't want to have a locked in staff of about \$200,000 year that was providing us with nothing but rubber stamp approval of what's already been done. I hope most of my committee colleagues feel the same way, that this would be our opportunity and our right to hire expert outside staff when we as a committee feel it's necessary.

MR. CHAIRMAN: Any further discussion on the motion?

*Motion carried*

MR. CHAIRMAN: Motion No. 8.

MR. CLARK: Mr. Chairman, can we just maintain the same kind of unanimity when we move on to No. 8.

MR. CHAIRMAN: Perhaps we could just go over the motion first, Mr. Clark: Whereas the present pattern of investments in the Alberta and Canada investment divisions reveals no systematic policy in the setting of interest rates for diverse investments, be it resolved .

And top you have the reasons given. The reasons carry on to the next page to the two paragraphs. Now, Mr. Clark, would you like to speak to your motion?

MR. CLARK: Basically, Mr. Chairman, what we're dealing with here is the question of some sort of rationalization as far as interest rates are

concerned, and not trying to pin down to exact percentages but talk in terms of a most preferred rate of interest, it would include agricultural enterprises, co-operative enterprises, small business in Alberta municipalities; then a rate of middle preference which would include loans for debt capital to corporations and utilities in Alberta; and then the least preferential rate, which I would see as the highest rate, to include loans to borrowers outside the province of Alberta.

It's an attempt, Mr. Chairman, to rationalize the interest rate situation that we now see before us. Members of the committee will recall that during the presentations made by various cabinet ministers we had all sorts of interest rates suggested. I know I asked on one or two occasions if there was some sort of rationalization with regard to these interest rates and what kind of preference was given. There was none. And I suppose the most surprising situation that came to my attention was the Grande Prairie and Lethbridge airport situations, where we're lending money to the federal government to 1982 or 1983 at absolutely no interest rate at all. Now I'm not against the Grande Prairie or Lethbridge projects going ahead, but when I heard we're lending money to the feds at no interest rate, and then the kinds of interest rates we have for the Ag. Development Corporation, for the Alberta Opportunity Company, municipalities, and so on, it became very obvious to me that there was a need for some rationalization within the whole interest rate kind of thing. I got the very definite impression that it's a very haphazard kind of approach that's being used today.

So that's really the motivation behind the resolution: that we do in fact recommend to the government that there be a rationalization. Our suggestion is that it be on the basis of most preferred rates, then rates of middle preference and then, for loans outside the province, least preferential rates which in fact would be the highest interest rates.

MR. KROEGER: Mr. Chairman, I have some difficulty with this, because really we're talking about investment from the vantage point of the various trust funds, whereas what Mr. Clark is talking about is a lending program to business, for instance, with preferential rates. I think we have to differentiate between those two things. We do have preferential rates, Mr. Clark, in AOC. For instance there are some differences being made, so I think we could cloud the discussion by talking about lending as opposed to investing.

MR. CLARK: Mr. Chairman, could I just respond to Mr. Kroeger by saying to the hon. member that all the comments here deal with loans. It is true, Mr. Kroeger, the comments you make as far as some preference as far as the Alberta Opportunity Company is concerned, but if that's some preference, then we sure gave the feds great preference, didn't we, when it came to those airports?

MR. HORSMAN: Well, on that point, I really must take issue with the Leader of the Opposition. A year ago in this Assembly, under the capital projects division, we appropriated the funds to build those airports which contemplated, and every member of this Assembly supported that as I recall, that we would take the money out of the capital projects division and build those airports whether the feds gave us any assistance whatsoever. Now the Minister of Transportation, through some good hard bargaining, has gone out and got an agreement that the federal government will pay that money back to us, which I think is a remarkable piece of bargaining on the part of the Minister of Transportation.

MR. CLARK: Come on, Jim.

MR. HORSMAN: You can laugh all you like, but the fact of the matter is that this Assembly was prepared to take that money and build those buildings with no hope of any return. And now the Leader of the Opposition tries to make the point that we're lending money to the federal government out of the heritage savings trust fund, and that's just not factual. Instead we are getting the money back when we had no expectation of getting it back.

MR. CLARK: Five years later.

MR. HORSMAN: When we voted the funds last year we had no expectation of getting that money back. The Leader of the Opposition can try to make debating points on this issue, but the fact of the matter is, I suppose, that it's his job to try to turn around a very good deal made by the Department of Transportation and the minister into making it appear as if we're getting hurt some way or the other on the deal, which in my opinion is excellent for Albertans and will allow us to have a replenishment of the capital projects division that we had no expectation whatsoever of ever receiving when we voted and appropriated the funds in this House a year ago.

MR. MUSGREAVE: Mr. Chairman, I'm a little concerned with the opening remarks. It says it reveals no systematic policy, and I question that statement. The way I see the resolution, it in effect is lending money not on the basis of risk or of rate of return or security offered or any of these kinds of things, or the necessities, but rather, you know, what kind of citizen are you. You know, whether you're an Albertan or whether you're an agricultural Albertan, or a city Albertan, or whether you're a Canadian. Mr. Chairman, I frankly disagree with the opening remarks and therefore I just don't think the recommendations, breaking it down, are valid.

MR. SHABEN: Mr. Chairman, just a brief comment. The nature of the recommendation is rather broad, but bringing it into the way I understand the fund functions at the present time, the purpose of the fund, that is the Alberta investment division, the Canada investment division, is to yield a fair return to the fund. We're all aware that in our appropriations each spring there are items, whether it's in Housing and Public Works, the Department of Municipal Affairs or the Department of Agriculture, where interest is considered as a budgetary item in order to provide Albertans with the most favorable interest rate, whether it's on housing or on other matters. So I can see where this matter doesn't clearly fall into what we're discussing, because in a sense it's in conflict with the intent of the act, and that we have the capacity, Mr. Chairman, and we do it each year in our estimates in the spring. I have a little trouble with the whole recommendation.

MR. CHAIRMAN: Are you ready for the question? Mr. Notley.

MR. NOTLEY: First of all, Mr. Shaben is right when he talks about a fair return to the fund. That's one of the provisions of the Alberta investment division and the Canadian investment division. But I think the other point that has to be made with respect to the Alberta investment division is that it would tend to diversify the problems. That was a clause that we inserted in

the act when we passed the act in 1976, and I think you can make the argument that preferential rates for Albertans would tend to diversify the problems.

I think it's a fair comment that we now have, as Mr. Kroeger pointed out, through the Alberta Opportunity Company differential rates which are favorable. I suppose what really is at the back of this resolution is that we should be attempting to be more systematic in the rates that we charge Albertans. One can look at the differences between the AOC in one area and Alberta housing, and others. I think the basic principal here is that the most preferential rates should go to Albertans involved in the diversification of the economy, because we're looking at agricultural enterprises, co-operative enterprises, small businesses, et cetera.

The only area of this resolution that I have some difficulty with is really the rates of middle preference, because it seems to me that one area that is key to diversification of the province is going to be utility expansion. The rates that we'll be charging industry for power for utilities in the future is going to have to be part of our long-term industrial strategy. I would think that at some point we're going to have to look at the financing of our utilities, and it may well be that if we're going to advance money for the construction of power dams, or whatever the case may be -- this is something Mr. Musgreave brought up at the meeting last time -- that rather than getting a middle preference, it may well be that part of our industrial strategy will have a relatively low interest rate back to the fund. Because increasing the utility interest structure of the province would be part of the basic industrial strategy of supplying utilities and services and power and what have you to potential industry at the most reasonable cost.

So that basically is my concern with Resolution 8. I'm not sure that we should be sticking utilities in the second group. I would be more comfortable if we were flexible on that, because I can see occasions where we're talking about a \$1 billion power dam, that we might well want to look at 8 or 9 per cent rather than 10 or 11 per cent.

MR. CHAIRMAN: Are you ready for the question?

MR. CLARK: Just in concluding the debate, the only comment I want to make is to the hon. member Mr. Musgreave. Frankly, I have no qualms at all, none whatsoever, about saying that I see Albertans getting very sizable preference as far as interest rates are concerned from the heritage savings trust fund as opposed to investments outside the province.

I just want to make it as clear as I possibly can to the hon. member that I think the people of Alberta are the ones who should get the preference from the investments, and the advantage of this. That's why we've given the lowest preferential rate to Albertans.

MR. CHAIRMAN: Are you ready for the question?

HON. MEMBERS: Question.

*Motion defeated*

MR. CHAIRMAN: Gentlemen, it's 12 o'clock.

MR. NOTLEY: Mr. Chairman, on a point of order, if I could raise something. I will not be present tonight. I think in all likelihood we'll still proceed with the meeting tomorrow morning, but there is the off chance that you might

in fact get the rest of the business done tonight. Now the two items I've volunteered to work on, both on the science policy and on the mortgage question, I'll make sure they're presented to the committee.

But there is one remaining recommendation I have that I'd like to raise, so that it won't hold the committee up. If you are in a position where you can complete the business tonight, I can be here tomorrow morning; but I wouldn't want you to have a special meeting tomorrow morning because you've got one of my resolutions left on the Order Paper.

MR. CHAIRMAN: Which one is that, Mr. Notley?

MR. NOTLEY: That's No. 18, under procedural recommendations.

So with your permission, I'd like to move that particular recommendation, and then the committee can deal with it as they choose. If you are in a position to complete the business tonight, so be it. But I suspect you won't, in which case you can go ahead tomorrow.

MR. CHAIRMAN: Do you wish to carry on and complete No. 18 now or not? It's 12 o'clock. It's up to the committee.

MR. TAYLOR: Well, if we're going to deal with it tonight, we should at least hear the arguments.

MR. NOTLEY: Mr. Chairman, what I'll do is just present the reasons for it, and then you can deal with it as it comes up.

Mr. Chairman, the recommendation here argues that we should be developing some long-term social and economic planning mechanism in Alberta somewhat similar to the types of long-term planning they have in three countries: France, West Germany, and Japan. France has a system of planning that is called indicative planning. Germany has a national economic and social planning council. Japan has an economic planning ministry, which sets out the long-term goals. All three countries set, in the context of their investment decisions, first of all the preparation of long-term plans and an inventory of what is practical, what is possible, where opportunities can develop for both the public and private sectors. Then they are in a better position to make investment decisions as a country.

Basically, my argument is that we should take a leaf from the examples of these other countries, all three of whom are doing fairly well economically in the world, especially West Germany and Japan, where they have practised for some time a form of economic planning.

So that would be in summary, Mr. Chairman, the reasons I would advance for this committee recommending to the investment committee that sort of consideration. If it comes up tonight, I'm sorry I won't be able to be present for the discussion. If it's tomorrow morning, then I'll be able to debate it with you.

MR. CHAIRMAN: Mr. Notley, if we go on to tomorrow morning, we will hold over this recommendation until then. However, if we can conclude tonight, we will have to take the recommendation. Is that agreeable to you?

MR. NOTLEY: That's perfectly legitimate. I'll just leave it with you, and it could be moved and dealt with tonight.

MR. HORSMAN: On a point of order, Mr. Chairman. I'd be perfectly happy to vote on the motion and defeat it right now. Really, if Mr. Notley were to achieve the objective of having us as a committee approve his socialist platform for the next election, it would be a remarkable achievement indeed. And I am not, in expressing that opinion . . . I'd certainly part company with him in any way on this type of motion.

MR. NOTLEY: The member from Medicine Hat has changed from red to blue all of a sudden.

MR. CHAIRMAN: The meeting is adjourned until 8 o'clock tonight.

*The meeting adjourned at 12:02 p.m.*