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Standing Committee on The Alberta Heritage Savings Trust Fund Act

Wednesday, September 5, 1979

Chairman: Mr. Payne

2:00 a.m.

MR. CHAIRMAN: Good morning, ladies and gentlemen. I would like to call to order this sitting of the Select Committee on The Alberta Heritage Savings Trust Fund Act.

I'd like to welcome Mr. Chambers, the Minister of Housing and Public Works, and some of his departmental officers. Mr. Chambers, I could suggest -- I know I speak for myself and some members of the committee who may not know the members of your department with you today -- perhaps you would be good enough to acquaint us with them, and we'll proceed from there.

MR. CHAMBERS: Thank you, Mr. Chairman. On my right, Joe Engelman, president of the Alberta Home Mortgage Corporation; on my left, Charles Shelley, president of the Alberta Housing Corporation; over here on the left, Rick Beaupre, executive director of finance of the department; Ron Shakura, controller with the Alberta Housing Corporation; Murray Rasmussen, acting deputy minister of the department of housing; and Jack Hunt, deputy minister of public works.

MR. CHAIRMAN: Before we begin today's deliberations, do any committee members have questions arising from our two sessions yesterday? I might add that Donna Ballard has completed the minutes, and I believe they will be circulated today. Is that correct, Donna? Today or tomorrow. We're also advised that transcripts of yesterday's meetings will be available in the near term, perhaps in a day or two as well.

If there are no comments or questions arising from yesterday's meetings, our organizational meeting and the afternoon one with Mr. Hyndman, the Provincial Treasurer, perhaps I could now call on Mr. Chambers to make some opening remarks about the department and those expenditures which have been made relative to funds made available from the Heritage Savings Trust Fund, after which we will invite members of the committee to ask questions. Just a procedural comment to members of the committee: during the questioning phase, I think it would be appropriate if all questions could be directed through the Chair to the minister. That is to say, if you do have questions of officers of his department, I would prefer that they be addressed to the minister through me, and then he in turn will elicit the information from his departmental colleagues and make it available to the committee.

With those opening comments, then, Mr. Chambers, I will turn it over to you.

MR. CHAMBERS: Thank you, Mr. Chairman. I have a few brief remarks. First of all, we are pleased to be here today and to have the opportunity to meet with the committee. We've got some background data that I think everyone has. It includes the Alberta housing starts report, which gives a current picture of the overall housing activity in the province and a provincial housing goals

statement. This attachment really outlines the department's four major goals: first, to devise Ministry of Housing programs which are supportive of the province's economic, social, and urban growth policies; second, to improve the affordability of housing through the variety of programs in existence; third, to increase the supply of housing through these programs; fourth, to maintain the livability of our older communities and the existing housing stock through a variety of programs.

Appendix C, Provincial Housing Programs in Alberta -- and that's the blue book you have -- provides a summary of the 30 housing programs that we operate in the province by client group. The programs are funded by the Home Mortgage Corporation, all of which receive heritage trust fund financing through borrowing -- in other words, the corporations through debenture borrowing finance capital from the Heritage Savings Trust Fund. The Alberta Home Mortgage programs are underlined in blue in the table of contents. The ones underlined in red are those programs funded by the Alberta Housing Corporation.

We have a number of brochures which detail the various programs, and of course these are widely distributed throughout the province. Again, the Home Mortgage Corporation's programs are in blue folders, and the Housing Corporation's programs in yellow folders.

Appendix E is the '78-79 and '79-80 capital budgets, again funded in the way I've mentioned. Appendix E has the budgets of the Alberta Home Mortgage Corporation, the Alberta Housing Corporation, and Alberta Housing and Public Works. Again, the capital of the Housing Corporation and the Home Mortgage Corporation is entirely financed by heritage fund debenture borrowing.

Some major capital projects handled through Public Works are funded from the Heritage Savings Trust Fund, although the operative department, if you like, is generally other than Public Works; for example, in Kananaskis it's Recreation and Parks.

I'd like to review the borrowings of the Home Mortgage Corporation and the Housing Corporation and Public Works. As to the AHMC debentures, as of March 31, 1979, the heritage fund had invested a total of \$555.2 million in debentures. Appendix F1 gives a breakdown as of June 30, 1979, by municipality of where the Home Mortgage funding is invested. You can see that it's broadly diversified through the province: 21.7 per cent is in Calgary, 26.2 per cent in Edmonton, 13.4 per cent in other cities, 31.4 per cent in towns, and 7.3 elsewhere in Alberta. In total, Home Mortgage programs are active in some 264 municipalities in the province. Over 83,000 Albertans are currently living in close to 24,000 units and mobile-home stalls financed by the Home Mortgage Corporation. The debentures issued by the Home Mortgage Corporation are 30-year and 10-year, and interest rates range from 9.05 to 10.17 per cent. As of March 31, 1979, the total heritage fund investment in AHC debentures was \$311.9 million. During 1978-79, \$62.2 million of the Housing Corporation debentures were purchased by the heritage fund. Appendix F2 gives a list as of March 31, 1979, of the total Alberta social housing inventory, including total planned units, those under construction, and those in '79-80 budget which are funded by heritage fund debentures. It's perhaps of interest to note that the total units planned, under construction, or budgeted are equal to about 42 per cent of the total existing inventory.

As to Public Works investments, the following projects are funded by the heritage fund, and again they are undertaken either in whole or in part on behalf of the head department. For example, under Department of Recreation and Parks, Fish Creek Provincial Park in Calgary. The major work there includes the development of a lake recreational facility, an interpretive

centre, picnic area, roads, parking facilities, trails, maintenance facilities, landscaping, and utility works. In Appendix G there is a list of all the projects currently under way. Expenditures to July 31, 1979 -- in the year '76-77 there was \$1,339,963 budgeted and spent; '77-78, \$2,650,036 budgeted, \$2,410,806 spent; '78-79, \$2,520,000 budgeted, \$2,314,179 spent; and '79-80, 43,719,000 in the budget and, to July 31, \$95,998 spent. So that gives you a total to the end of July for Fish Creek of \$6,160,947 that Public Works is involved with. The predicted total to the end of March 1980 would be \$9.7 million.

The development of Kananaskis Country recreation, as you know, is a multi-departmental responsibility. Public Works is generally responsible for the design and construction of all buildings and major utility works. Appendix H in your attachments provides a list of all the projects currently under way under the control of Public Works. Again, in '78-79 there was \$5,643,660, and \$4,514,917 was spent; '79-80, \$5,045,105, and \$641,652 spent to this point.

MR. PAHL: We seem to be short a few appendices here -- G and H.

MR. CHAMBERS: Apparently all you have is the capital budget which was distributed. This information is outlined in that, in Appendix E. Sorry about that, Mr. Chairman.

The proposed total expenditures to March 31, 1980, are \$10.6 million.

Now the Department of Energy and Natural Resources has the Pine Ridge Forest Nursery at Smoky Lake, which Public Works constructed. It's essentially complete now. I don't know whether you want the breakdown by year, but the total to July 31 was \$11,046,763, and the projected total is about \$11.3 million. It's operating and there is only minor clean-up work left.

So, Mr. Chairman, I hope I have provided sufficient information for you, and that essentially covers what I thought I'd like to say by way of introductory remarks. I'm happy to attempt to answer any questions that members might have.

MR. CHAIRMAN: Thank you, Mr. Minister. I'd like now to turn the time over to the members of the committee for any questions they feel fit to raise with the minister and his officials, beginning with Mr. Pahl.

MR. PAHL: Thank you, Mr. Chairman. I wonder if the minister could indicate the return to the Heritage Savings Trust Fund, and a range of return, on the various debentures issued to the various corporations.

MR. ENGELMAN: Mr. Chairman, the range is 9.05 to 10.17, and the average is somewhere in the order of 9.57 -- the return to the heritage trust fund.

MR. R. CLARK: Mr. Minister, if you covered this point before I got here I'll check the transcript. My apologies for being late.

I wonder what is the present situation of the Airdrie mobile-home park. Very specifically, Mr. Minister, what problems are there now?

MR. CHAMBERS: For detail I might get Mr. Shelley to cover that. I might say generally, though, that we're quite satisfied with the progress made this summer. We were fortunate in having better weather, and in not having the extensive strike of concrete workers that we had last summer. We are essentially close to being on schedule. Would you want to run it down by area, Charles?

MR. SHELLEY: Mr. Chairman, the Airdrie mobile-home park is broken down into three areas. Last year this committee visited the east side of the highway, known as Phase 1, and we have photographs of that area. We have 433 lots completed and occupied. Six are vacant because they are oversized lots. We didn't receive any written or verbal complaints during the past four months in Airdrie. We had a superintendent in charge of the project between October and December, on the site, and he dealt with the complaints that came from this area.

In the second phase we have 443 lots, of which 358 are mobile-home lots and 85 will be built under the CHAP program, built by individuals under the aegis of the department. The development is on schedule; there is no delay, and completion is scheduled for late September for the area to the south. There is one area, known as Airdrie 3, the so-called border property, which the corporation purchased about three months ago. This has to be planned and serviced and developed in late 1979 or 1980.

We are also developing a residential subdivision on the west side of the highway, known as Edgewater Estates, with 279 lots. This will be completed during the early part of 1980. I'm not aware of any major complaints in the area. Mr. Chairman, we also have some photographs here taken a few days ago.

MR. CHAIRMAN: I wonder if I might just ask: would Mr. Clark or other members of the committee be interested in seeing these photographs as they are discussed?

MR. R. CLARK: No, I've visited the place fairly recently.

MR. CHAIRMAN: Thank you. Carry on, please.

MR. SHELLEY: I have nothing else to report, sir.

MR. R. CLARK: Mr. Chairman, then to summarize the report to the committee: Mr. Shelley, the Home Mortgage Corporation has received no written or verbal complaints for the past four months? As far as you know, there are no major complaints or problems? Phase two is on schedule, and the new land you've acquired is in the planning stage? Is that an accurate assessment, Mr. Shelley, of where the thing sits now?

MR. CHAIRMAN: If I might, I'd like to reiterate comments I made at the beginning in your absence, Mr. Clark, where I indicated a preference that questions be directed through the Chair to the minister. The minister would then consult his colleagues.

MR. R. CLARK: Mr. Chairman, then through you to the minister: is that a fair assessment of the situation? I wouldn't want to put him on the spot.

MR. ENGELMAN: With regard to complaints. I think we have to say that there were four complaints from individuals. I don't think it's in order to discuss individual situations, but those are being taken care of, and I think they're being resolved satisfactorily.

MR. CHAMBERS: Mr. Chairman, I think it's fair to say in response that considering the size of the project and the number of units any complaints are certainly minimal this year.

MR. R. CLARK: Last year there were ongoing discussions between the town of Airdrie and the ministry. Have those discussions with regard to going ahead with future phases been successfully concluded, and have the problems the mayor alluded to last year been resolved? I rather specifically refer to the comments the mayor made with regard to the town questioning whether the corporation should go ahead with Phase 2 and 3 before they got number 1 straightened away.

MR. CHAMBERS: Mr. Chairman, to the best of my knowledge, and I've had communications with the mayor from time to time, I think it's fair to say the town is relatively well satisfied with the way we're proceeding. I'm not aware of any outstanding difficulties at this point.

MR. NOTLEY: Mr. Chairman, with respect to recommendation 4 in the report of the committee last year, on page 15 of the summary of the status report, namely that consideration be given to first and second mortgage loans -- I wonder if the minister would outline to the committee the reasons why the government chose not to follow the recommendation with respect to second mortgages.

MR. CHAMBERS: Mr. Chairman, we have an extensive mortgage program, as you know, through the Home Mortgage Corporation. That was changed and expanded appreciably this spring. We originally had the starter home ownership program and the direct lending program, and they were amalgamated into a single program called the family home purchase program. That program offers a broad range of mortgages from incomes of \$10,000 up to \$21,500. For example, the subsidy would cease at \$21,500, but at \$10,000, say, where the maximum subsidy would be, it would be \$239 a month, which would be an effective rate of about 5 per cent. So that provides an extensive depth of affordability, and we felt that that adequately covered the field through the first mortgage application rather than getting into the more complex and unwieldy second mortgage situation.

MR. NOTLEY: Mr. Chairman, if I might just follow that along for a moment. Are you saying that as things stand you feel that the financing from the Home Mortgage Corporation is sufficient -- that people are not required to seek second mortgages and pay very unreasonably high interest rates for those second mortgages in that bracket of \$10,000 to \$21,000?

MR. CHAMBERS: Mr. Chairman, one gets into the subject of GDS ratios and what percentage of their income people can afford to put out on housing. We make 95 per cent loans, so there's really no room for second mortgages there. We loan up to about 35 per cent GDS ratio. So really our loaning is so extensive and the GDS so high that there isn't room for second mortgage.

MR. NOTLEY: Mr. Chairman, to the minister. Correct me if I'm wrong: you make up to 95 per cent, is that not correct? It's not always 95 per cent; it may be 70 or 75 per cent, up to 95 per cent. The point is that in the discussion we had in the committee last year it was the feeling of the committee that there was some need for the government to at least look at the question of second mortgages because of the very high interest rates people have to pay. I would put to the minister, Mr. Chairman: do we have any indication, approximate figures, as to the number of loans in this \$10,000 to \$21,000 category that would be at the 95 per cent level, or are we in fact looking at

a significant number that would be anywhere from 10 to 95 per cent, where people would have to be looking around for other types of financing?

MR. CHAMBERS: I don't know if we have the specific number. Mr. Engelman tells me that 95 per cent of the loans were at 95 per cent.

MR. NOTLEY: That's very interesting.

MR. CHAMBERS: When you work on a GDS of up to 35 per cent, that really eliminates the room for second mortgages.

MR. PAEL: I just wanted to have explained what GDS ratio means, if someone would please.

MR. CHAMBERS: Joe, would you care to explain that?

MR. ENGELMAN: Yes, GDS stands for Gross Debt Service ratio. It's the amount of the monthly payments on a mortgage loan -- interest, principal, and taxes -- in relation to the gross income of the borrower.

MR. SINDLINGER: Mr. Chairman, a supplementary to the question raised by Mr. Notley, on page 15 of the recommendations: "that consideration be given to . . . first and second mortgage loans at interest rates sufficiently low to make home ownership more affordable". It seems to me that that would be consistent with one of your Alberta Housing Goals; that is, item number 2, to improve the affordability of housing through a variety of means, and you list several of them.

I have two questions to ask. Both are intended to determine how you do make housing more affordable. The first question is: were your interest rates sufficiently low, relative to other commercial rates available to prospective home-owners? Second, if that isn't the means of making housing more affordable, is this item in the Alberta Home Mortgage Corporation annual report, where you have subsidies under starter home ownership program and other programs of \$257,000 -- that doesn't seem like a very significant amount to me, because if you do a quick calculation and divide that amount by the number of units reported in here, it amounts to something like \$300 per unit. So generally those two questions are intended to find out just how you do make housing more affordable for Albertans. Is it through lower interest rates, or through some subsidy which is larger than that I can identify in the annual report?

MR. CHAMBERS: Mr. Chairman, again, this spring when we changed the program -- in other words, amalgamated the starter home ownership program and the direct lending program and had the new family home purchase program -- we deepened the subsidies extensively. So they are much deeper now than they were in the past. Our philosophy generally on interest rates is that we maintain our loan rate at the bottom end of market. For example, we're probably half a point below the market, but close, for a number of reasons. The prime one would be that if someone buys a house, finances through the Home Mortgage Corporation, and is getting a substantial subsidy, and then sells that house, if the subsidy were applied directly through interest rate alone, for the balance of that five-year term the purchaser, who may well be in a much higher income bracket than would warrant a subsidy, would get the benefit of that subsidized interest rate.

Therefore we tend to keep the interest rate close to the commercial rate, which people at the \$21,500 mark can hopefully afford to pay. They go on a market rate, or close to it. Whereas at a \$10,000 income, again the effective interest rate works out to about 5 per cent, with the subsidy being \$239 a month. If they sell the house, of course the purchaser then has to pay the higher rate, the 11.5 per cent rate or whatever; which we think is a more appropriate way to go from the standpoint of the Alberta taxpayer than subsidizing directly by means of interest rate alone. I don't know if that answered your question.

MR. SINDLINGER: Mr. Chairman, I gather from the comments the minister has made that the chief instrument in making houses more affordable to Albertans is through the subsidy and not the interest rate level. I would reiterate my question: how much is the subsidy per unit on an annual basis? You've indicated that it is more than in the past, and I've told you that I've calculated that it was a little over \$300 per unit on an annual basis. You say that it's much deeper -- your word was "deeper" -- than that. Could you please tell me the magnitude of that annual subsidy per unit?

MR. CHAMBERS: Okay, Mr. Engelman can probably answer that without further checking on numbers. However, I would like to point out one thing; that is, one of the beautiful things about home ownership is that we find people start with, say, a \$10,000 or some lower income and have an extensive subsidy. -- which I think you'd agree \$239 a month is -- but we find that their incomes seem to increase quite rapidly, and then of course the subsidies, which are reviewed on an 18-month basis, tend to be reduced and eventually disappear. That's one of the social achievements that the financing programs do.

But I'd like to ask Mr. Engelman to cover the detail on that.

MR. ENGELMAN: Yes, Mr. Chairman, to explain why only \$357,000 shows up as subsidies in the annual report. I think we can go back to before the starter home ownership program. We were subsidizing by way of reduced interest rates. Therefore part of the subsidies we were making actually did appear as reduced interest rates and don't show up in that \$357,000. So the starter home ownership program had cash subsidies, and that's included in the \$357,000. From about a year ago the other program also had cash subsidies which came in there. But prior to that, our subsidies were all by way of an interest-rate reduction. They don't show up as subsidies as such; they show up as reduced earnings in the interest column. Starting this year we're actually pulling that out for our own information, so that we know what is actually being paid out in subsidies, but I don't have that information with me.

With regard to averages, we had a maximum subsidy for a period, anyhow, under the starter home ownership program of \$130 a month, and our average was running about \$65. From what I can gather from the averages we've pulled off in some areas from the Alberta family home purchase program since it came into being at the end of March this year, the average subsidy there is going to be running well over half the maximum. The maximum is \$239; it appears the average is going to run \$130 or thereabouts. So there are people being subsidized \$239; there are some receiving nothing who are on the top end of the range. The effective yield rates are running anywhere from 4 per cent to the commercial rate.

I think Mr. Chambers has mentioned the rationale that we keep the interest rates near the commercial rate so that there is a gradual transition from the person who is making \$21,000 a year to the person who is making \$22,000 and

has to pay the going rate, so there isn't a big gap, an incentive for him to sneak in under the \$21,000 in order to get a big break. There is no big break; it's small, because the rates are fairly close at that level. I don't know whether that answers your question or not.

MRS. FYFE: I know that your department, Mr. Chambers, is interested in at least reducing the increase in housing costs for families, and I would like to touch on the area of land assembly. I notice in the Heritage Savings Trust Fund report that the land-banking for this year was \$19.6 million. How do you or your department feel about the land-banking program? Is it successful; is this an area where more moneys should be made available? I wonder if you could make some general comments on this program.

MR. CHAMBERS: Mr. Chairman, I would say that the land-banking program is successful. We've got fairly extensive banks of land in a great many municipalities. There are some where we'd like to have more; however, land prices tend to be very high in some communities. I think it's probably fair to say that in the major metropolitan centres like Calgary and Edmonton it would be difficult to visualize any amount of land-banking that would affect overall prices to any substantial degree. The market is just too large. In fact, the market is really controlled by resales rather than by new construction. Of course the price of land near the major metropolitan areas has escalated through speculation quite dramatically. But in smaller centres I think land-banking can be quite effective, where it's possible to have a bank of sufficient size to in effect exercise some control over prices. I think you're aware, Mr. Chairman, that we put land on stream at cost through the Housing Corporation. We land-bank in a number of different ways. The government land-purchases fund provides for long-term banking, and the immediate land-banking is done primarily through the Housing Corporation by requests from municipalities; in other words, a municipality will request by resolution of council that the corporation acquire some land, whether it be for residential or industrial purposes. We have \$24 million budgeted for residential and \$5 million for industrial. The industrial land again is by resolution of council through Tourism and Small Business. There is then an interdepartmental committee which includes this department which reviews such requests, and if deemed feasible it goes out and acquires the land for the municipality on a 15-year basis. Again, it's turned over to the municipality at cost. It may be developed or held for the municipality, and they may develop it. We leave that option to the municipality.

MRS. FYFE: (Inaudible) to the second area that I was going to cover, and that was into the industrial land program. This item seems to me particularly small, and I have had concern for municipalities that they have not been approved in industrial land banking. It seems to me that in a situation where many municipalities are dependent upon industrial development for an economic base, and an economic base is necessary to contribute to a total community. I would speak specifically of communities in my constituency which are often basically residential. They are desperately trying to develop an industrial land base so that they can also take some share in social programming that healthier economic-based communities can.

I was concerned about what I would consider a relatively small item for industrial land banking, and I wonder how many communities have been turned down or perhaps should have statistics on how many have been approved.



MR. SHELLEY: Mr. Chairman, we have 41 municipalities approved to date.

MRS. FYFE: What acreage would that be?

MR. SHELLEY: With varying acreages, it's applicable to small municipalities only, so any application from larger municipalities such as Edmonton, Lethbridge have been turned down. The largest is probably 135 acres in Beiseker, and the smallest is about 6 acres.

The request is evaluated by Tourism and Small Business, and brought to a committee that has six or seven members. Any decision may be appealed to the Minister of Housing and Public Works, and reconsidered by that committee.

MR. CHAMBERS: I think, Mr. Chairman, that it's probably fair to say that the intent of the program was to front-end, if you like, industrial land for the smaller communities, keeping in mind the policy of diversification in the province. The budget, I think, would indicate that it isn't really intended to bank industrial land in the major metropolitan centres.

Again, the committee reviews the size of the request. It may agree that all of it is required, or less or more, being very careful with the smaller community, recognizing that it's a 15-year contractual arrangement development agreement. Of course it is desired not to over-burden the community with the 15-year payback. Therefore, the committee looks quite hard at what the prospects would seem to be for industrial development in that community and recommends accordingly. And again, as Mr. Shelley mentioned, the municipality often appeals the decision. We take another look at it and sometimes change it. The attempt is to help the municipality and to try to avoid any municipality getting in over its head in terms of over-optimism, if you like, with regard to the size of the bank. I think that generally, from the community people I've talked to, the program is quite well received.

MRS. FYFE: So the appeal procedure is then to the minister.

MR. CHAMBERS: Yes.

MRS. FYFE: A third area that I'd like to ask you about, and I wonder if you have any reaction, is the revolving land servicing fund. I know that it was just recently announced. What kind of reaction have you found with private developers and municipalities?

MR. CHAMBERS: Actually, Mr. Chairman, very strong response. We have one approved so far, for something over \$1 million at Drayton Valley. It's under way. Of course the program has only recently been initiated, as you appreciate, but we have quite a number of applications pending. We had three in Edmonton. Regrettably the Edmonton ones are held up by decision of council. How many others do we have in the mill, Joe?

MR. ENGELMAN: We have at least three or four that are in process. The response has been very good. There are a lot of enquiries.

MR. CHAMBERS: I think that from the response we have seen we think that the take-up will be quite high.

MRS. FYFE: Thank you.

MR. R. CLARK: A supplementary question, Mr. Chairman, dealing with the second item raised by the Member for St. Albert. That's the program to assist small communities in their acquisition of land, especially industrial land. The most common complaint I've heard about the program -- and I agree with the minister that it's generally well received -- both within my own riding, which I've dealt directly with the minister on, but from several other small communities, is the length of time that it takes to make a decision. Mr. Minister, what is the average time line now? Or could you give us some indication of what your department would consider as a reasonable time frame? Some we've looked at for over a year.

MR. CHAMBERS: Mr. Chairman, I haven't had any complaints really on that. However, Charles, could you advise us what the average time might be?

MR. SHELLEY: I would say, Mr. Chairman, it would take four months. Some cases are different, and require resubmission to the committee. The request is submitted to Tourism and Small Business and soon as we receive it we call a meeting within the next two weeks.

There are certain cases when residential land had been requested to be turned over to industrial. I know that was a problem, and there was a delay.

MR. R. CLARK: (Inaudible) and I appreciate that, Mr. Chairman. I appreciate the example that the minister is referring to, but my question would be in a broader frame than that specific situation which is now being straightened away.

Am I to understand then the time frame of about four months once it gets to the corporation?

MR. SHELLEY: No. I would say four months from the time Tourism and Small Business receives the application. I have no control on how long it takes from then. As soon as I receive it we call a meeting, and within two weeks we will have the meeting and submit our recommendation to the Minister of Housing and Public Works.

MR. NOTLEY: Mr. Chairman, to the minister, just to follow up that question and have a supplementary question in a slightly different area on land assembly.

Is the reason that we go through this process of first of all going to Tourism and Small Business and then having a meeting because there are considerably more requests or more interest in funds than is available, or what is the reason for it? I would have thought that the best approach would have been to go directly to Alberta Housing rather than involving another department of government and the interdepartmental problems which invariably slow down the process. What is the reason? Is it strictly because it's tied to the prospects for expansion in that community, or what is the reason?

MR. CHAMBERS: Mr. Chairman, that's essentially it. It's felt that the evaluation of the economic and development potential of the industry in the community can best be evaluated by Tourism and Small Business. And they are. One of the first evaluations would be: is the request for 30 acres in community X realistic, recognizing that they have 15 years in which to develop it and pay back the fund? I personally think it's logical that it goes that route through Tourism and Small Business, through the interdepartmental committee, and then the purchase by the Housing Corporation.

Again, I hadn't received a complaint that it was too long. I knew that some take longer than others because it's felt perhaps that the size of the request is too large, then it goes back for a rethink, and a couple of cases have come to my office. But I haven't really had any complaints in that area on that four-month average.

I think, as the Member for Spirit River-Fairview points out, it would undoubtedly be faster to go directly through the one department, but then again for a small community industrial land purchase can be a fairly substantial economic undertaking, and perhaps it warrants fairly close scrutiny. Upon discussion with the municipality through the department I think there is often mutual agreement that perhaps a request was overly optimistic, and that maybe it should be scaled down. I guess if I had received any complaints I would be more concerned about the length of time that it takes. But at least to this point in time I haven't.

MR. NOTLEY: Mr. Chairman, I wonder if I could just pursue with the minister the procedure with respect to residential land banking. Is that done in the same way, or is that directly through Alberta Housing?

MR. CHAMBERS: Mr. Chairman, it is directly through Alberta Housing.

MR. NOTLEY: Mr. Chairman, just to follow up on Mrs. Fyfe's question, are we in fact allocating sufficient funds to this program, particularly I would guess in some of the developing areas of the province where we already have seen speculation, but the speculation in the next several years will probably be intensified. It seems to me that Alberta Housing, if my memory serves me right, has done some land banking in the Bonnyville area and, from my observations, it has worked out extremely well. My question really is: to what extent are we in a position to expand that substantially if need be in some of these areas where we're going to find major developments?

MR. CHAMBERS: Mr. Chairman, I think that's a very good question. For example, I believe we had \$24 million last year, and we spent \$19 million. I think our budget this year is somewhere . . . . Of course it's too soon to know just how much of that we'll take up during the year.

It's certainly a question that we always look at. The ideal time to land-bank would be before there is any announced business activity in the area, if we could be successful at guessing that. It's pretty difficult to justify land banking in areas once the speculative prices have set in. How many acres do we have in Bonnyville, Charles?

MR. SHELLEY: Two-forty.

MR. CHAMBERS: We have a bank there of 240. And, again, whether that's sufficient, I guess, Mr. Chairman, that I would prefer that it would be more.

MR. NOTLEY: Could I just have one additional question to the minister. You indicated that urban land banking in the major metropolitan areas was . . . .

MR. R. CLARK: Mr. Chairman, I wonder if just before Mr. Notley goes into another area, could I just pursue that last question?

Mr. Minister, it would seem to me that one of the problems that we all have to face is the kind of thing that happened in the Bonnyville/Cold Lake/Grand Centre area, where in fact the announcement was made, I recall, in one of the

subcommittees here in the House, about a time line for the plant to go ahead in that area, and that by the time the Housing Corporation, or whatever arm of government could be in the land banking business, the very definite impression I got from speaking to people in the area, and also the people in the Housing Corporation, was that neither the Housing Corporation nor the folks in area really seemed to have that information. While I welcomed the information being made in the committee, it does seem to me from the standpoint of an earnest attempt at land banking, that there (should be) some prior discussion with the local governments and with the corporation, so that the corporation could at least be out there at the same time and be one step ahead.

If we're serious about this land banking and serious about helping growth communities -- and I don't doubt that seriousness at all, Mr. Minister; I'm not questioning that at all, I think it's a good program -- but isn't there a way that we can somehow organize the act, if I can put it that way, so that in fact the Housing Corporation and the local government people know of these things before the announcements are made? I cite very specifically Cold Lake/Grand Centre as the worst example that has come to my attention. I'm not trying to be negative. I'm really trying to say, as a result of that happening -- and we now have a couple or three more of these things on the horizon -- I would hope we wouldn't find ourselves in a similar kind of situation where everybody but the local people, and maybe the corporation, were in there first.

MR. CHAMBERS: I think the member makes a good point, Mr. Chairman. Fortunately I think we are in a reasonably good position in the Cold Lake/Grand Centre area in terms of land. But I think the point is well taken that the highly desirable approach would be to get in before a new resource development would be public information, if you like, and acquire land. That's perhaps not as easy to achieve in all cases as one might desire, but I would agree with that objective. I would like to attempt to do that.

MR. CHAIRMAN: Mr. Notley, did you wish to pursue the question you were raising prior to Mr. Clark's supplementary?

MR. NOTLEY: Yes, Mr. Chairman. I just wanted to come back for a moment to the question of land banking in the larger metropolitan areas. I can appreciate at least some of the reasoning of the minister with respect to the problems in the urban areas in Edmonton and Calgary where speculative values have reached almost ridiculous levels, but on the other hand I think one of the most useful moves in the urban housing scene in a number of years was the initiative in Mill Woods. I would hate to see us close the door on another Mill Woods. It strikes me, Mr. Minister, and I put this to you as a question, that the land banking process, even if one has to pay too much for the land in the first place, the fact that it's done at cost might at least engender some level of competition in the urban housing market, and I think this might be particularly useful when the government considers the annexation proposal of the city of Edmonton, for example.

MR. CHAMBERS: Yes, Mr. Chairman, I think the major benefit in the large areas of having lower cost land is well demonstrated by Mill Woods in terms of meeting our social housing programs for CHIP or for programs that can be financed through the Home Mortgage Corporation and subsidies provided.

We have a pretty good land situation in the Calgary area, not only in the area but in Calgary itself. In the northeast part of the city there's a

fairly substantial amount of favorably priced land in the market. We're okay for a couple of years yet in Mill Woods in the Edmonton area. The one difference here is I would hope that we can establish a situation within close distance of Edmonton. I think the land prices right in the Edmonton area are just too high to fit any kind of social programs, but perhaps in other communities around Edmonton like Fort Saskatchewan, Stony Plain, or Ardrossan it might be possible to bring on land that would fit our housing objectives in terms of the social program appreciably cheaper than could possibly be done in the Edmonton area.

MR. NOTLEY: Just one final question, Mr. Chairman. I'm pleased to hear that, because when the minister initially answered the question, the implication I got was "metropolitan area", and we weren't going to look at that. If we are prepared to look at some of the smaller centres such as St. Albert, Spruce Grove, or Stony Plain, then it seems to me that we're still recognizing the importance of this kind of program.

MR. PAHL: Mr. Chairman, to the minister. I'd just like to raise for you, the committee, and your officials somewhat of an opposing view with respect to land banking and providing affordable housing or, let's say, land for social programs. I speak in part from the Mill Woods experience where I would feel that basically there might be some merit to buying some land in the downtown cores, or adjacent to those cores, for social housing if you will, simply because when you provide a place to live for people who are, let's say, disadvantaged economically and socially, you then have to deliver programs to those areas. I know of a number of instances in the Mill Woods situation, for example, where the infrastructure is not as well developed there to meet the needs of economically and socially disadvantaged people as it is in the downtown cores.

So in terms of total cost, I would raise the question as to whether maybe you should be looking at land banking right in the urban area.

MR. CHAMBERS: Mr. Chairman, I don't know that "land banking" is the terminology I would agree with in the inner area. One of the difficulties, of course, with social housing, with land purchase, if you like, in the inner cores is the sheer cost of it when you look at the price of land in our city cores today.

However, there are municipal non-profit corporations now in both Edmonton and Calgary whose goal, I think, is downtown construction. They, of course, obtain 100 per cent financing through the corporation and then get an interest rate down to 2 per cent through CMHC.

I would say that the way Edmonton has handled land for community housing in the past has been extremely good in terms of the 5 per cent provision developments throughout the city. I think that avoids a ghetto. It distributes community housing and the advantages of participating in neighborhood activities all over the city, not just in one location, to people who live there. I really favor that approach, and I think that was an excellent decision by Edmonton many years ago to do that. I wish it could continue. Again, I agree there is merit there, and hopefully municipal non-profits can contribute in the downtown core area. However, land costs in the core areas are very high, and that of course creates a problem.

MR. PAHL: A supplemental, Mr. Chairman, to the minister, or just adding to the point. Certainly land costs are very high, but there is really virtually no

way of measuring the cost, say, of people . . . I suppose there are ways of measuring the commuting costs. If you pick Ardrossan or Stony Plain, there just isn't the range of jobs there, and those are costs that certainly are very, very difficult to quantify, but I would suggest that there would be a case to be made for using Heritage Savings Trust Fund money in order to look at the longer term equation and say, well, maybe a high initial cost is an acceptable trade-off and, again, I don't know how you justify the rate of return on the cost, but I would still submit, Mr. Chairman, that the case could be made for higher priced land -- and maybe "core" is the wrong word, but the urban area proper -- if you added in all the social costs of the infrastructure, the energy costs of people commuting every day. That's the point I would like to raise and have considered.

MR. CHAMBERS: Mr. Chairman, I'm certainly pleased to accept that advice and consider it. I think the Member for Edmonton Mill Woods points out the complexity of the problem. In other words, what is the cost of transportation from an outlying area? It's hard to evaluate. Perhaps in a car pool it's fairly economical. Whatever long-term transportation systems may be in place might be very economical compared again to that equation. It is a complex subject, but I recognize the importance of the question and the advice.

MR. R. CLARK: Mr. Chairman, I'd like to move to Appendix E, under Item No. 3, Department of Recreation and Parks, the Kananaskis country recreation plan. Two questions, Mr. Minister. What now are the anticipated overall total capital costs for that project? Secondly, when is completion date? Thirdly, can you give us some sort of figures as far as anticipated operating costs? I recognize they have to be ballpark figures.

Again, Mr. Chairman, I would only speak to those projects that are assigned to Public Works. The control department there, if you like, is Recreation and Parks, and it's a multi-departmental approach. Perhaps I could ask Mr. Hunt to review the expenditures for Public Works.

MR. CHAIRMAN: Now we have a bit of a problem for those responding away from microphones. Could I suggest, Mr. Minister, that either you obtain your information or have one of your colleagues switch chairs?

MR. CHAMBERS: Mr. Chairman, did the hon. leader wish me to cover both Kananaskis and Fish Creek, or just Kananaskis?

MR. R. CLARK: Primarily Kananaskis.

MR. CHAMBERS: For Kananaskis the regional communication system is \$19,874.

MR. CHAIRMAN: I'm sorry. I think Mr. Clark did ask for a total figure, the total capital cost for the Kananaskis development, as opposed to . . .

MR. CLARK: That's right.

MR. CHAIRMAN: . . . specific entries within the overall.

MR. CHAMBERS: Do you want the specifics?

MR. R. CLARK: Well, I'd be pleased to get the specifics -- perhaps if you could even give us a copy of that, Mr. Minister -- but I'm more interested in the total cost anticipated, when it will be finished, and what we are looking at as far as operating costs.

MR. CHAMBERS: I have summary details here, but in order to get the totals we'd have to add them up. I don't have them here, but I'd be happy to provide that information.

MR. R. CLARK: Mr. Minister, could we also do the same thing from the standpoint of anticipated operating costs, recognizing that Public Works will only be looking after the Public Works component parts of the thing? But I'm sure Public Works, in their usual thorough way, have done some projections as far as operating costs, and it would be interesting to see what they are.

MR. CHAMBERS: That would be very difficult, Mr. Chairman. Public Works really constructs these facilities and they're operated by Recreation and Parks.

MR. R. CLARK: So that Public Works will not be involved at all in the operating?

MR. CHAMBERS: That's essentially correct, Mr. Chairman.

MR. CHAIRMAN: Mr. Clark, could I suggest that perhaps that question be deferred to September 18, when we have the Minister of Recreation and Parks?

MR. R. CLARK: That will be splendid.

But we will get the capital Public Works component from the minister in due course, Mr. Chairman?

MR. CHAMBERS: Mr. Chairman, I'd be pleased to provide that.

MR. SINDLINGER: I've gone through the annual report for the Alberta Home Mortgage Corporation and I've perused the other annual report for the Alberta Housing Corporation. In going through the annual report for the Alberta Heritage Savings Trust Fund it's noted that the trust fund is a major source of financing for both of them. In 1978 the Alberta Home Mortgage Corporation received \$347 million, and the Alberta Housing Corporation received \$249 million, but nowhere in the annual reports for the AHC and the AHMC is there any mention of the Heritage Savings Trust Fund.

I think it's a good investment by the Heritage Savings Trust Fund, and wonder if it wouldn't be worth while mentioning that the major source of the funds for these two housing and home-ownership corporations didn't get some mention or credit, notwithstanding the mechanics of the lending process, the provincial government vis-a-vis your Crown corporation.

MR. CHAMBERS: Mr. Chairman, I think the fairer response to that is that we go with our debentures to the Treasurer, and then they have been placed from the Heritage Savings Trust Fund. The corporation is really in the position of being a borrower of funds from wherever, and the government has chosen to provide that loan money through the Heritage Savings Trust Fund, but I don't know that it will be necessarily appropriate to be shown in the corporation reports.

MR. SINDLINGER: I think it might be worth while, somehow, Mr. Chairman, if the Heritage Savings Trust Fund did get credit, or was at least acknowledged, for its role in these worth-while projects in one way or another, and I think we should give consideration to that.

MR. CHAMBERS: I do think though, Mr. Chairman, that the report of the Heritage Savings Trust Fund does indicate clearly where the money goes.

MR. SINDLINGER: Mr. Chairman, I didn't quite hear that.

MR. CHAIRMAN: The minister's reply was that the annual report of the Alberta Heritage Savings Trust Fund does identify those departments and Crown corporations which are the recipients or beneficiaries of Heritage funds and, with respect, I wonder if I could make an alternative suggestion that we defer discussion on that question to our consideration of recommendations phase. You may wish to consider that as a formal recommendation of the committee; that is, recipient or beneficiary departments make reference to Heritage funding in their annual reports, a practice that hasn't heretofore been followed.

MR. APPLEBY: Mr. Chairman, referring to Appendix E once again, the Smoky Lake Pine Ridge Forest Nursery, and looking at the annual report for the Heritage Savings Trust Fund, I note the target date for completion is the fall of 1979, and as of July 1, 1979 we have expended \$11 million of the projected \$12.4 (million). Is it still planned that this will be on target and fully operational by the fall of '79?

MR. CHAMBERS: Mr. Chairman, when I was there -- I think it was in June -- the plant appeared to be fully operational with only minor cleanup activities remaining, so that I believe it's now essentially completed. The total cost will be about \$11.3 million.

MR. APPLEBY: Mr. Chairman, to the minister, that would mean then that the total cost would be coming in under the estimate of \$12.4 (million).

MR. CHAMBERS: That's right.

I would like to suggest, Mr. Chairman, that if anybody can spare the time to do it, it's a fascinating project to visit. It's really impressive, in terms of 20 million seedlings. It's a very large-scale project and quite impressive.

MR. NOTLEY: Mr. Chairman, I'd like to move to Appendix F2, Alberta's social housing inventory. Dealing with rural and native housing I see 467 units, and then units planned and under construction 1979-80, 261. The first part of my question really deals with the rural component. Where do things stand on the rural as opposed to the native housing part of the equation?

MR. CHAMBERS: That's a difficult question to answer in a really definitive way, Mr. Chairman. The program was intended by the federal government and the provinces to apply to people in the same financial circumstances in the rural areas whether native or non-native. Of course we don't ask people what their ancestry is. Probably the majority of participants are of native ancestry. However, there would be a very small minority, I suppose, who are not, but are in similar financial circumstances.



MR. NOTLEY: I'd like to follow that, Mr. Chairman, with the rural home assistance part. It's 101 of 77 down here. The question of the definition of "rurals" is what really interests me. As I understood rural and native housing when it was originally established -- at least (from) the field man who explained it to me -- the original component, the rural and native component in the settlements or the communities, was established, but there was going to be a program that would deal with individual homes outside settled areas, on farms, or what have you. And I guess that's the question I want to get at, Mr. Minister. Where does that part now stand?

MR. CHAMBERS: Mr. Chairman, I think that the rural and native housing program which, as members know, is 75 per cent funded by CMHC national program and is more or less restricted to fairly conventional-type homes, has greatest application in, first of all, service communities. Unfortunately it's restricted by the national requirement to communities of under 2,500 population. I think if that number could be expanded, say, to communities of up to 5,000 or 10,000, then it would be more useful in terms of people being able to obtain employment.

Probably the two programs that have even more demand and acceptability at this time are the rural home assistance program and the emergency mobile home program. I would suggest to members today that mobile homes are built to national building standards, tend to be very well constructed, very livable, and are a very acceptable and attractive alternative form of accommodation which can be appreciably cheaper than the conventional stick-built houses. For example, we were looking at a unit, 12 by 68 feet, as I recall, three-bedroomed, with excellent wood burning heaters, a wood burning cooking stove which is desired by many of the people -- and they can have the choice of whether they're either wood burning, oil, or propane -- that is very popular right now in isolated areas, or areas that don't have full services. These units, I think, were about \$17,000 or \$18,000 delivered. I was looking at them in the last month, so the price is very attractive. The people purchase them at about \$100 a month, with no interest costs, until they're paid off. That program is growing and has ever-growing acceptance, which is tending to offset the demand for the rural and native as such.

Rural home assistance is another program that is growing and has a high degree of acceptance. It's a program that has to be stepped up gradually because of the number of people involved in training and implementation. It's a grant program, and the current grants are running somewhere between \$11,000 and \$16,000, as I recall. Application has been in isolated settlements and on the Metis colonies. The local housing committee is formed and directs the construction of the houses. We've had as many as four in two communities so far. A number of log houses has been built in the isolated settlements, whereas the Metis colonies have tended to build stick-built. They generally have access to saw mills.

The grant package really provides for materials that can't be found locally. In other words, the lumber or logs are provided locally, and the grant package provides for windows, doors, cupboards, and perhaps plumbing. That program has achieved a high degree of acceptance. Departmental people, including native people trained in construction techniques, are administering the program, and we expect that program will continue to grow over the years.

That program and the mobile home program are both growing at a fairly rapid rate and are achieving a high degree of acceptance.

The demand hasn't been quite as strong for the rural and native housing program, I think probably because a lot of the demand has been met and many

people do not wish to take on a large mortgage for an extended period of time. They would rather look at the trailer or one of the rural home assistance projects.

MR. NOTLEY: Mr. Chairman, to the minister. You indicated, Mr. Minister, that the emergency mobile home program was going to be increasing, yet I see only 30 units planned for the the 1979-80 budget. Is there an error in that? It would seem to me that that figure would belie your statement. We already have 443 existing units. I am sure there would be demand for more than just 30 emergency trailers in this coming year, would there not?

MR. CHAMBERS: Mr. Chairman, I believe there were 100 in the budget. We've delivered 70 so far. We may well have to come back for additional funding before the year is out. I suspect that the demand will exceed the budget.

MR. NOTLEY: The minister indicated that we seem to be satisfying the demand. Do we have any sort of objective, statistics, that we could examine on that score, in terms of the housing stock in the areas that by and large we've been focussing rural and native housing initiatives? In the travels I've taken in the province there are still quite a few people who I would say could well use better housing that would be available under the rural and native housing program.

MR. CHAMBERS: We of course attempt to meet any demands, whether it be an emergency or a request for perhaps a trailer unit to replace inadequate housing, as they come in, and we're working closely with the Metis Association in the identification of people. Also, the department is this summer reviewing northern communities to identify just the point that the Member for Spirit River-Fairview has made to try to ensure that we are covering all communities and all need.

MR. NOTLEY: Are there any constraints in terms of our arrangement with Central Mortgage and Housing on the 75 per cent? Have they allocated so much to Alberta, for example, and then that's that, and if we go over that we have to bear the additional amount? Or is it essentially an open cost-sharing arrangement with CMHC?

MR. CHAMBERS: To my knowledge we haven't had any constraint. Our budget of 150 units for this year was accepted by CMHC, so that I guess the way it works is that each province submits a budget and then CMHC works from that base.

MR. NOTLEY: Mr. Minister, you're saying 150, and yet we have 261 listed in the budget. I thought we were going to set a target of 500 a year several years back.

MR. CHAMBERS: One hundred and fifty is the current year's budget, Mr. Chairman, and the 261 includes carry forward.

MR. NOTLEY: (Inaudible) not really a question, but a parting comment: if the needs survey demonstrates, as I suspect it will, we'll have to negotiate with Ottawa for more than 150 per year in the years ahead.

MR. CHAMBERS: Mr. Chairman, that's true. If we see the need out there, then we'll try to build more. The demand, though, again appears to be more in the area of the mobiles and the self-help the rural home assistance program.

The other unknown is how long the federal involvement will continue in rural and native housing. We don't really have any definitive answers on that.

MR. APPLEBY: Mr. Chairman, my question was dealing with the rural home assistance program and the type of material, but the minister has pretty well covered that, thanks.

MR. BRADLEY: I have a question, Mr. Chairman, with regard to the Capital City Recreation Park, and I notice in the Heritage Savings Trust Fund annual report that it gives information that the park is complete. It also goes on to mention the Strathcona science park which is under construction at this point. Is this being funded from the Heritage Savings Trust Fund?

MR. CHAMBERS: Mr. Chairman, Public Works has no involvement in the Strathcona park.

MR. BRADLEY: Is it an Environment component of the Capital City Recreation Park? I'll ask that question when the Minister of Environment is here.

MRS. FYFE: I'd like to come back to the Alberta family home purchase program. Looking at the number of loans that are outstanding -- take for example the cities now -- I'm wondering, out of the total of nearly 8,000, how many of those were made during the past year?

Secondly, I have a concern that land and housing costs have now exceeded the maximum that this program would cover for many families. How many people have received a loan at the present maximum during the past year?

MR. CHAMBERS: We don't have it broken down for the two cities, but we have it for the province.

MRS. FYFE: I'm sorry. All cities. There's a total of 7,974 for all cities as of June 30. How many of those would have been made within the last year? The reason that we're asking about the cities is that I think that this is where we're facing the highest land costs.

MR. CHAMBERS: While Mr. Englelman is looking for that information, I would comment that with our limits of \$62,000, it is, of course, more difficult to build a single family home in a city rather than in a smaller community. The corporation does give serious consideration at the board meetings from time to time as to what that limit should be. I think, Mr. Chairman, it's one of those areas where we certainly don't want to raise the price and have the market immediately raise the price to accommodate that.

We think at this time, and we've reviewed it recently, that \$62,000 is still a pretty reasonable amount. It may not provide a single family house in a larger community, but it does provide a detached, semi-detached, or townhouse, so that the program still applies with perhaps the detached house being obviously more difficult where the land costs are higher.

We don't have those statistics broken down, but we'll be happy to do that and provide that information.

MRS. FYFE: When the board is assessing whether the \$62,000 is a reasonable figure, do they break this down into, say, city, town, villages opposed to looking at a province-wide average?

MR. CHAMBERS: Mr. Chairman, (inaudible) specific situations, and of course the corporations have a close finger on the pulse, if you like, of the building industry, and they look at pretty well most municipalities in terms of what are costs and what is the land component of that cost, and then that goes into the evaluation of what the building limit should be. But it is a difficult question, subjectively. It's a question of optimum use of the taxpayer's dollar, and of adequate but affordable housing.

MRS. FYFE: I think one of the concerns that I have is utilization of land. Sometimes -- and this is only an opinion, of course -- a program such as this perhaps contributes to a large development that can put multiple family housing on the market perhaps at a lower rate, but without necessarily concern for the land use. In some areas where the land is poor it may be more suitable for housing. It's probably beyond the cost for an individual to locate in the area. I was thinking, as I say, of having to relate this to my constituency, and for most people living outside the urban area where there would be multiple family, I'm sure that there just isn't a chance that they could qualify.

I just make a general comment that I hope that the land use is also factor that's taken into consideration.

MR. CHAIRMAN: Mr. Minister, do you wish to respond to that comment?

MR. CHAMBERS: In talking to Mr. Engelman I was reminded that we do actually have single-family in Mill Woods and in Calgary that are covered by the program.

MRS. FYFE: How many in the last year then, I wonder. You don't have that. I'm sorry.

MR. CHAMBERS: We're going to provide members with that information, Mr. Chairman.

MR. SINDLINGER: Mr. Chairman, to the minister, three questions. One, has the investment committee made any more purchases of Alberta Home Mortgage Corporation or Alberta Housing Corporation debentures since the end of this fiscal reporting period, '78-79? Two, if it hasn't, does it intend to do so in this fiscal period, and three, if it does, are those funds earmarked for any special projects, such as northern development?

MR. CHAMBERS: Mr. Chairman, to answer the last question first, all capital funding to the corporations is borrowed from the debenture route and, to this point in time, all provided by Heritage Savings Trust Fund money.

Yes, there has been borrowing since the end of the fiscal period. Do you have details on the mortgage corporation, Joe?

MR. ENGELMAN: I don't, but, as was explained before, the borrowings are from the Provincial Treasurer, who then markets the debentures to the Heritage Trust Fund. It was pointed out to us that that's not necessarily what's going to happen in every case. It has happened continuously; all our debentures are

with the Heritage Trust Fund, but it's not necessarily the case that they all are going to go that route.

MR. CHAMBERS: (Inaudible) That's a decision of the Treasury. The corporations borrow the money from the Provincial Treasurer through the debenture route.

MR. SINDLINGER: Mr. Chairman, I'm sorry, but for several reasons I'd didn't quite follow what was said there. Let me restate the question. What is the magnitude of the debentures that were purchased in this fiscal year by the investment committee?

MR. CHAMBERS: Mr. Chairman, the fiscal year ending March 31, '79 under consideration by this committee.

MR. SINDLINGER: The current fiscal year.

MR. CHAMBERS: '79-80? To date, since the end of March? I don't know that we have that information on hand. There have been, of course, borrowings. They go through the boards from time to time for the mortgage corporations. Mr. Engelman thinks that it's in the order of \$200 million for the Home Mortgage Corporation. It's roughly \$100 million from the Housing Corporation, but we'd be happy to confirm the actual numbers, Mr. Chairman.

MR. CHAIRMAN: Mr. Sindlinger, without intending in any way to impose unjustified or inappropriate constraints, I would like to re-emphasize that our terms of reference, as indicated in Section 13(3) of the Act, do make specific reference to the past as opposed to the current reporting year. I would, however, qualify that restraint by saying that questions that relate to current practices and procedures, and possibly current spending, that would add to this committee's appreciation of a previous year's performance of the fund, in my view, are acceptable, but would encourage you and all members of the committee to bear this constraint, albeit qualified, in mind.

MR. SINDLINGER: On a point of order then, Mr. Chairman, please. You've made reference to Section 13(3) of The Alberta Heritage Savings Trust Fund Act, and when we began this committee meeting the other day you referred to that section as being the terms of reference for this committee. I'd like to point out that in my opinion Section 13(3) is incomplete. Grammatically, it's an incomplete sentence, and therefore an incomplete thought. Therefore, I don't believe that it is the terms of reference for this committee, and if there aren't any terms of reference for this committee, I think that the purview of this committee is wide open to interpretation by any individual member.

MR. CHAIRMAN: In speaking to your point of order, Mr. Sindlinger, I would like to make a comment now and suggest that we defer more comprehensive discussion to an occasion when we do not have departmental officials with us. I was aware of your misgivings about that particular provision in the Act. As an English graduate, I've satisfied myself on its grammatical correctness, but as to its interpretation I did solicit the opinion of our legal adviser Mr. Clegg, which opinion I have received barely this morning. I haven't yet had adequate time to study its contents, write up my own judgment, and then discuss the matter with the committee, but I will do so at a later occasion.

MR. SINDLINGER: I accept that, and I'd like to lean on your graciousness, your (inaudible) comments. You said that there may be things we could ask that were outside that, and I'll reiterate my question, if I may, to the minister. Are there any special or new projects earmarked for this current fiscal period?

MR. CHAMBERS: I'm sorry, Mr. Chairman. I don't understand the import of that question. Do you mean, other than what's in the budget?

MR. SINDLINGER: By way of explanation, Mr. Chairman, are there any new special-type projects such as the northward development project, earmarked for this current year; things that are not of a routine nature that have been carried out over the last two years?

MR. CHAMBERS: Mr. Chairman, to my knowledge, at this point in time, the only projects we foresee are essentially what are in the budget.

MR. CHAIRMAN: Before eliciting Mr. Clark's short supplementary . . .

MR. R. CLARK: Short new question.

MR. CHAIRMAN: We'll defer Mr. Clark's short new question for a period of five minutes. I've received a written request for a five-minute break, and that seems appropriate.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Ladies and gentlemen, if we could reconvene, please.

MR. R. CLARK: The last question I have, Mr. Minister, really deals with a project called a number of things, but we'll call it Government House South for the sake of this discussion. What kind of progress are we making there? What is the anticipated completion date and, of course, what's the cost?

Mr. Minister, I always have difficulty, and perhaps you could help me -- the Member for Calgary Glenmore offered to earlier -- in determining which projects fit in as being suitable for the Heritage Savings Trust Fund. I see Government House South in there -- albeit it was out for a year; now it's back in -- and then we have the renovation project around the Legislature Building, which, for some reason I can't totally understand, isn't considered to be really a heritage investment. Could we look at the costs, the time frame, and how that project is coming along, Mr. Minister.? Secondly, could you shed a bit of light on why Government House South is in, or how it got in, and then how come this project at the Legislature Building -- I guess it's now \$52 million in total -- is out? What's the rationale?

MR. CHAMBERS: Mr. Chairman, we've spent about \$60,000, I believe, in planning Government House South and, of course, it is a very old building, sandstone and so forth. It has taken a lot of time to really evaluate the structural aspects, and we're still actually looking and evaluating that building in terms of the project. Unfortunately I can't offer any thought of proceeding this year.

MR. APPLEBY: Mr. Chairman, I wonder if we could have the minister identify the program so that we know what building is being spoken of.

MR. R. CLARK: It's Government House South, the project which Mr. Yurko the former minister announced two years ago.

MR. APPLEBY: But the specific building that is being looked at.

MR. R. CLARK: It's the old courthouse in Calgary, Mr. Minister.

MR. APPLEBY: Thank you.

MR. CHAMBERS: Mr. Chairman, we're still evaluating the structural aspects and the suitability of that building. We're not in a position really to recommend proceeding with it at this time. The total cost has been \$60,000-odd. I don't have the exact figure on planning. It's in the \$60,000 range. It might have been \$53,000 or something like that.

As regards the last question, I find that's a difficult area and perhaps it might be better directed to someone else.

MR. R. CLARK: Who would you suggest?

MR. NOTLEY: Yesterday your colleague suggested the Premier.

MR. CHAIRMAN: Yes, I appreciate we should formally advise Mr. Chambers that that was the suggestion advanced by the Provincial Treasurer yesterday, and he may wish to pursue the same . . .

MR. CHAMBERS: I was just about to make the same response.

MR. R. CLARK: I was sure that comment would be made, but I'm surprised that it came from the Member for Spirit River-Fairview.

Mr. Chairman, to the minister, a supplementary to the first question. Are we now then to understand that the government has backed off the decision to go ahead and renovate Government House South out of Heritage Fund money, and the whole wisdom of that decision is being reassessed?

MR. CHAMBERS: Not quite, Mr. Chairman, in that my department hasn't concluded an evaluation of it. Therefore we've made no recommendation to the government as to that project at this time.

MR. R. CLARK: Mr. Chairman, to the minister. If my recollection of the very recent history is accurate, the minister's immediate predecessor stood in the Chamber about half a dozen seats to my left and announced the decision that the government was going ahead with the project. Was that a governmental decision and didn't the recommendation come from the Department of Public Works?

MR. CHAMBERS: That was before my time, Mr. Chairman. However, I am reasonably confident in saying that no preliminary detailed engineering work had been done at that time. What we're doing now is a detailed evaluation.

MR. R. CLARK: There had been no detailed evaluation then with the Department of Public Works prior to the announcement made by Mr. Yurko the previous minister that, one, we would go ahead with Government House South and it would be funded out of the Heritage Savings Trust Fund. In fact it appeared in the

first annual report, I believe, that the Department of Public Works wasn't involved, had never given its recommendation either way.

MR. CHAMBERS: I wouldn't say that, Mr. Chairman, because obviously I wasn't here or in a position to know that. It's customary in any project -- and I can relate back to an oil sands project -- for the basic concept to be arrived at and agreed to, and then one proceeds with detailed evaluation and engineering design. That's often a fairly lengthy phase and may produce different ideas or different cost estimates -- and I'm thinking of oil sands plants -- as it progresses. It's fairly common practice, I think generally, to have a concept before proceeding with detailed design.

MR. R. CLARK: Mr. Chairman, to the minister. On several occasions I have heard you indicate that Public Works is a service department for other departments. If the government were to be doing Government House South, what other department would they get their advice from than Public Works on the matter of building a public building.

MR. CHAMBERS: Again, Mr. Chairman, I said that it was before my time.

Mr. Hunt informs me that he thinks that some of the user departments were consulted at that time.

MR. R. CLARK: But the department that generally supplies the facilities for all government departments wasn't consulted.

MR. CHAMBERS: I don't like to speak for the former minister.

MR. R. CLARK: Mr. Chairman, then, to the minister. Could we ask the minister to supply to the committee a memorandum which could perhaps explain what has transpired to date? I might ask, Mr. Chairman, with some emphasis, was DPW involved initially, or was it not? Where does the thing stand today?

MR. CHAIRMAN: Mr. Clark has raised two questions there, Mr. Minister. Would you care to respond to either, or both?

MR. CHAMBERS: Mr. Chairman, I would be pleased to provide a memorandum. However, I would say that I don't think it would be that uncommon, if you like, if one is thinking of a broad-based conceptual approach, to consult with user departments, whereas Public Works of course builds for its clients and is the department that gets in on the detail, design, structural evaluations, and so forth. I couldn't, obviously, speak for my predecessor in terms of consultation, but I would be happy, Mr. Chairman, to provide a memorandum to the extent of the information that I have.

MR. R. CLARK: Mr. Chairman, might I simply say, not being an engineer and not wanting to comment on the structural evaluations, that it would seem to me that the political evaluations were far greater than the structural evaluations when the initial announcement was made.

MR. CHAIRMAN: Are there any other questions that the committee wishes to raise with Mr. Chambers or his departmental officials?

MR. R. CLARK: I move we adjourn.



SOME HON. MEMBERS: Agreed.

MR. PAHL: Mr. Chairman, I'd like to make one observation and compliment the minister and his group on providing us with a great deal of relevant information, but would express the mild complaint that it was not provided in enough time to ask the good questions I'm sure they wanted. So with that thought, Mr. Chairman, perhaps we could take some initiatives with the people who are to be before us and ask that we might have your information somewhat beforehand.

MR. CHAIRMAN: I interpret that as a responsibility of the Chair, and certainly I'll give that undertaking to the members of the committee.

With that, on behalf of the members of the committee I'd like to thank Mr. Chambers and his departmental officials, and perhaps excuse them from the Chamber at this time. I'd like to ask the members of the committee to remain to spend a moment or two to discuss a couple of other committee matters.

*Mr. Chambers left*

MR. CHAIRMAN: Perhaps I could now ask Mr. Sindlinger to elaborate on the note that he supplied me earlier today in which he asked that the committee meet for a few minutes before adjournment.

MR. SINDLINGER: Mr. Chairman, the item I wanted to bring up was the one that Mr. Pahl has just brought up. I thought it's worth while having this material, but it would be more worth while having it in advance so that we could ask meaningful questions.

MR. CHAIRMAN: That's a very useful suggestion. I've already discussed this matter with Karen, and she has undertaken to make a preliminary contact with each department for those occasions where departmental materials are prepared.

MR. KNAAK: Mr. Chairman, one of the questions and concerns I have, being a new member, is I'm not really sure whether the committee we're in, being a committee on the Heritage Savings Trust Fund, should be evaluating the policies of a particular department which are really irrelevant to the Heritage Savings Trust Fund. We do that in the budget in Public Accounts. This information that we have is detailed programs of the Department of Housing and Public Works, and we're duplicating the job that the Legislature and the committees do at that time.

I really would like some clarification on our guidelines and the legal interpretation, because as far as I'm concerned I think our terms of reference relate to the Heritage Savings Trust Fund and not to question again, duplicating a job we've already performed, the detailed programs of particular departments.

In my view, today's questioning was *ultra vires* this committee. I don't think it's up to this committee to again go into the detailed programs. We're just doing the same job twice. It's been done.

MR. CHAIRMAN: At the risk of repeating my earlier comments to Mr. Sindlinger's question, I have obtained today from Mr. Clegg his legal interpretation, if you will, of the section. I would like to have a day or two to consider its implications, and then to bring it before the members of this committee for further discussion. But I really feel that for that discussion to be

meaningful we need the benefit of a correct legal interpretation which is the reason, of course, why I have obtained it. Is that satisfactory to you, Mr. Knaak?

MR. KNAAK: Supplementary to my point, I think my point is: don't ask for a lot of information from the various departments until we have clearly determined what our role is with respect to the questioning of the department in relation to the Heritage Savings Trust Fund, because this kind of information is interesting, and it's worth while having, but I don't think it's necessary for the questioning of this committee with respect to the Heritage Savings Trust Fund.

MR. CHAIRMAN: I don't wish to anticipate Mr. Pahl's comment, but I'm sure he's going to say that we didn't request this package of departmental material from Housing, nor would we indeed make a request of such material from any of the subsequent departments. This particular package was prepared under their own initiative, and if there are other departments which deem that appropriate, my only undertaking was to ensure that that material be supplied to us in advance, so that we could acquaint ourselves with it.

MR. NOTLEY: Mr. Chairman, I think I certainly agree that we should discuss this matter, probably at the next meeting. I would ask, however, if you are in receipt of an opinion that perhaps you might make that available to members of the committee who wish to peruse it, because collectively as a committee we're all equal here and we have to make the decision. It seems to me that legal opinion should be made available to all of us.

MR. SINDLINGER: Before you leave that point, could you make clear to us when we will discuss the issue?

MR. CHAIRMAN: I think Mr. Notley's suggestion is the most logical one, that is, we make available to you copies of Mr. Clegg's opinion, perhaps at the conclusion of our Wednesday, September 12, forenoon deliberations.

MR. SINDLINGER: Would that be prior to our next appearances?

MR. CHAIRMAN: No. I don't feel it's appropriate to convene a special meeting of this committee, because we have so many out of town members separate from a day when we are meeting, and the next occasion we meet is Wednesday, September 12. We meet with two departments, and it seems to me we would have some time made available to us through the day, depending on how long we detain these two reporting ministers.

MR. SINDLINGER: So then, for clarification, we would proceed in the manner which we have today for the next appearances.

MR. CHAIRMAN: Yes.

MR. APPLEBY: Mr. Chairman, I wonder about the advisability of contacting other ministers' offices regarding hand-out material. I don't think we should give a great deal of publicity to the fact that we received all this material today, and that there may be other departments that will get the idea we'd better get something to hand out too, you know. We'd have to do it with some caution, I think.

MR. CHAIRMAN: That qualification is well taken.

The one final matter that I have is purely the clerical matter of the submission of forms related to expenses associated with participation in these committee meetings. I believe each of the committee members now has copies of those forms, and I think they're fairly straightforward. If there are any questions that arise subsequently as to the mechanics of their preparation, please direct those to me, or in my absence to Charlene Blaney.

Are there any other matters that we need to consider?

MR. STEWART: On that subject, (inaudible) two copies and also that there are two copies to be submitted. Are we going to submit a daily copy? This form is not designed to be used on a long-term basis.

MR. CHAIRMAN: That's correct. I discussed that question yesterday with Charlene Blaney and her indication was that it's at the discretion of the individual member, but she and I agreed that weekly was probably an appropriate frequency.

MR. APPLEBY: Just to supplement that as well. Actually there is no need or requirement if an individual doesn't wish to submit until the end and we wind up the hearings.

MR. CHAIRMAN: Sure. As I understand it, that's at the discretion of the submitting member.

If there are no further items for discussion then, I will entertain a motion of adjournment until we meet again at 9 a.m., Wednesday, September 12, with the Minister of Hospitals and Medical Care.

May I have an adjournment motion? Mr. Pahl? Thank you.

*Meeting adjourned at 11:06 a.m.*

