

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Thursday, November 6, 1980 2:30 p.m.**

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS**

Bill 81

**The Financial Administration
Amendment Act, 1980 (No. 2)**

MR. HYNDMAN: Mr. Speaker, I request leave to introduce a Bill, The Financial Administration Amendment Act, 1980 (No. 2).

This amending Act reflects two initiatives. Firstly, it will enable the government, through the Treasury Board, to pay interest on accounts due to suppliers of goods and services to the government, in the appropriate cases and where it is fair and equitable. Secondly, it will require the ministers of Hospitals and Medical Care and Advanced Education and Manpower to table annually in the Assembly copies of the audited financial statements of post-secondary institutions and Crown hospitals, which is a response to the recommendation of the Auditor General regarding those entities.

[Leave granted; Bill 81 read a first time]

Bill 86

The Pension Fund Act

MR. HYNDMAN: Mr. Speaker, I request leave to introduce Bill No. 86, The Pension Fund Act. This being a money Bill, His Honour the Honourable the Lieutenant-Governor having been informed of the contents of the Bill, recommends the same to the Assembly.

The purpose of this Bill, Mr. Speaker, is to implement the ministerial announcement in this House of March 28, 1980, and sets up a separate pension fund which will protect future Alberta taxpayers and preserve the financial and budget integrity of the province.

[Leave granted; Bill 86 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. R. CLARK: Mr. Speaker, I'd like to file with the Legislature Library three copies of the views of the official opposition with regard to the Alberta Heritage Savings Trust Fund report.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. SCHMIDT: Mr. Speaker, I have the privilege this afternoon to introduce to you, and through you to the members of this Assembly, 77 grade 6 students from the Robina Baker school in Devon in my constituency. They

are seated in the members gallery along with their teacher, Mr. Corry Jomha. I would ask them to rise and receive the usual welcome of this Assembly.

MRS. FYFE: Mr. Speaker, on behalf of my colleague from Sherwood Park, who is out of the province on government business, I would like to introduce 35 grade 6 students from St. Teresa school in Sherwood Park. These students are accompanied by their teacher Mr. Weleschuk. They're seated in the public gallery, and I would ask them to stand and be welcomed by the Assembly.

MR. STEVENS: Mr. Speaker, on behalf of my colleague the Minister of Culture and Member for Edmonton Centre, and perhaps as a temporary resident of Edmonton Centre when I'm here, I would like to introduce to you, and through you to the members of the Assembly, 16 students from the Alberta Vocational Centre. They are accompanied by Mrs. Bayne, and are seated in the public gallery. Would they please rise and receive the welcome of the Assembly.

head: **MINISTERIAL STATEMENTS**

**Department of
Energy and Natural Resources**

MR. LEITCH: Mr. Speaker, I wish to advise Members of the Legislative Assembly that the Executive Council today passed the order contemplated by Resolution No. 21, which was approved by the Legislative Assembly last Monday, relating to the reduction in oil production from Crown lands. I have copies of the order for each member of the Assembly.

I wanted to draw to the attention of members that the order as passed today differs from the sample order I filed in the Assembly last Monday in the sense that the production reduction is to begin in March as opposed to February. That was done to ensure that regardless of how one might interpret the minimum three months notice provision referred to in the Assembly, it would be met by the order that was passed.

Mr. Speaker, I contemplate issuing at a later time a ministerial order as envisaged by the O.C. I expect that order would be similar in form and content to the order filed as a sample during the debate on Resolution 21 last Monday.

head: **ORAL QUESTION PERIOD**

Mine Safety

MR. R. CLARK: Mr. Speaker, I'd like to direct the first question frankly to a number of ministers. It really flows from the Stephenson inquiry into the Grande Cache mine disaster. I'd like to pose the initial question to the Premier in his capacity as President of the Executive Council. The question is the result of statements made by senior officials of the Energy Resources Conservation Board testifying before the committee, to the effect that provisions of The Coal Mines Safety Act, which is administered by the ERCB, are regularly broken by miners on the job; and that this legislation was drawn up by this government with the understanding that miners are to be expected to take liberties with the safety standards laid down in the Act.

Has the Premier or one of his colleagues had discussions with the chairman of the Energy Resources Conservation Board with regard to what certainly appears to be a very serious matter, the ERCB understands that despite the Act being passed, rather broad liberties would be taken in this area of miner safety?

MR. LOUGHEED: Mr. Speaker, I can understand why the question is directed to me as President of Executive Council, because it does fall within the jurisdictions of both the minister responsible for and reporting to the Legislative Assembly for the Energy Resources Conservation Board, as well as the Minister responsible for Workers' Health, Safety and Compensation. I would have to refer the questions to them. I would refer that first to the Minister of Energy and Natural Resources, and if the other minister wishes to supplement his answer

MR. LEITCH: Mr. Speaker, it may be that my colleague the Minister responsible for Workers' Health, Safety and Compensation may wish to supplement my comments. I think the only response I can make at this time to the question of the hon. Leader of the Opposition is that I will be looking into the matter very carefully insofar as it touches areas for which I am responsible. But I would not wish to make any comments at the moment, because I think we should wait until the hearing is completed and a report given, before commenting on evidence that was given, as I understand it, before the board inquiring into the matter.

MR. DIACHUK: Mr. Speaker, if I may, I concur with the hon. Minister of Energy and Natural Resources. I'm awaiting the report of the commissioner. As of today, all I have is the news items that I believe the hon. Leader of the Opposition is referring to.

MR. R. CLARK: Mr. Speaker, a further supplementary question to the hon. Minister of Energy and Natural Resources. I can appreciate why the minister would not want to comment on testimony given to the inquiry. I fully understand that, Mr. Minister. But if in fact this is the attitude the Energy Resources Conservation Board has with regard to this piece of legislation . . . Will the minister undertake to check with the Energy Resources Conservation Board to in fact see that that attitude does not accurately reflect the attitude of the board? While we're waiting for the inquiry to report on the Grand Cache situation, if those kind of liberties are being extended, we may very well have a bad mine situation in some other part of the province.

MR. LEITCH: Well certainly, Mr. Speaker, I thought I'd implied in my answer to the first question that I would be doing that, insofar as the areas for which I am responsible are touched on in that question. In that answer, I really went on to say that I didn't want to say anything here today which might in any way usurp the function of the board, which will be making decisions on the evidence presented to it, reaching conclusions, and presumably making recommendations. But as to the area where the hon. Leader of the Opposition has been more specific in his second question, certainly I'll do that.

MR. R. CLARK: I would like to direct a supplementary question to the Minister responsible for Workers' Health, Safety and Compensation. My question is posed to the

minister from the standpoint of the availability of mine inspectors. Members will recall that last year changes were made in the Act so that inspectors had broader responsibilities. My question to the minister is: having had an experience with that situation for a short period of time, is the minister now in the position to assure the Assembly that there is adequate mine inspection in this province?

MR. SPEAKER: I have some difficulty with the question. Since the matter is still before what might be called a quasi-judicial body, it may well be that that body may make a finding on the very matter the hon. leader is dealing with in his question.

MR. R. CLARK: Mr. Speaker, with the greatest respect, sir, might I submit that as recently as November 4, one of the officials of the chief coal mining engineer for the Energy Resources Conservation Board indicated that there may very well be a critical shortage of mine personnel and inspectors in the province. I phrase the question in light of the comments made at that Grande Cache hearing, to elicit a comment or assurance from the minister that adequate mine inspections are presently being carried on across the province. Taking out Grande Cache — I recognize that that's under inquiry — can the minister assure us there is adequate inspection of other mines in the province at this time?

MR. DIACHUK: Mr. Speaker, as I have indicated on earlier occasions in my place here in the Legislature, I am assured by my officials and satisfied with the reports my officials have given me; that there are sufficient, qualified mine inspectors on staff, that all mine inspections are continuing routinely as required, and some not routinely, which are carried out by the officials. I've been assured that all mining — with the exception I want to make members of the Assembly aware of, that we presently have only one underground mine in operation. Most of the inspection that is being carried out is on surface mining, and these are carried out with a team of inspectors and are up to date.

Hunter Training

MR. R. CLARK: Mr. Speaker, I would like to direct the second question to the Associate Minister of Public Lands and Wildlife. It concerns the question of mandatory hunter training, which has been before the House for years, if I might put it that way.

In light of the public opinion surveys the minister's department has done on the matter and the representation made by the Alberta Fish & Game Association, is the minister in a position to indicate to the Assembly what decision the government has arrived at on the question of the introduction of mandatory hunter training in the province?

MR. MILLER: Mr. Speaker, in replying to the Leader of the Opposition, I might say that in the past year we have been constructing a new hunter training manual, which we hope to have completed and made available for the hunter training groups that are now done on a voluntary basis.

In regard to hunter testing, we are instituting a program where violators of The Wildlife Act will be required to take a course in hunter training and write a test.

MR. R. CLARK: Mr. Speaker, a supplementary question to the minister. Mr. Minister, should members of the Assembly assume from that answer that the government is not prepared to move on the question of mandatory hunter training at this time?

MR. MILLER: Mr. Speaker, I might add that it's not quite as simple as the hon. Leader of the Opposition makes out. It does require a lot of study — in-depth study I might add — in order to be able to present a course which is suitable for all aspects of hunter training.

MR. R. CLARK: Mr. Speaker, is the hon. minister aware that between the Alberta Fish & Game Association and other groups in the province, representation on this question has been made to the former government and to the present government for at least 15 years, and that the matter has been studied and studied and studied? I simply ask: is the minister prepared to take up the Alberta Fish & Game Association on its offer to take on much of the responsibility for a mandatory program?

MR. MILLER: Mr. Speaker, we have had representations. I have met with the officials of the Fish & Game Association, and they have made such a representation. I would like to add that for the first time we are moving in that direction and that we are preparing a new manual which will probably be the best in North America. We are doing definite steps, but at this time, we are not in a position where we are going to say that compulsory hunter training is going to be a requirement for first-time hunters.

MR. R. CLARK: Mr. Speaker, to the hon. minister. Would the minister be in a position to explain to the Assembly why it is that Alberta is only one of two provinces in Canada that have refused to move on this question of mandatory training for first-time hunters?

MR. SPEAKER: It would seem that the hon. leader has made a point. I'm not commenting on whether the point is factual or not.

Municipal School Tax Collection

MR. PURDY: Mr. Speaker, I would like to ask a question of the Minister of Municipal Affairs. For the past number of months the minister has made comments that legislation will be presented to this Assembly to amend The Municipal Taxation Act, thus allowing municipal governments to collect municipal tax and make it mandatory that school boards collect their own tax. Can we expect that legislation this fall?

MR. MOORE: Mr. Speaker, first of all the statement that preceded the member's question is incorrect. I have never made comments anywhere that I would present to this Legislature legislation to amend The Municipal Taxation Act to allow school boards to collect their own taxes. Secondly, we will not expect it this fall.

MR. PURDY: Mr. Speaker, in view of the comments that have emanated through my constituency and many others in rural Alberta, and I'm sure in the major cities, I'm sure the minister has had that representation made from many bodies. Has the minister specifically received representation from the Alberta School Trustees' Association regarding the minister's statements?

MR. MOORE: Mr. Speaker, earlier this year the hon. Minister of Education and I met with the Urban Municipalities Association of Alberta. That association expressed a concern on behalf of their members throughout Alberta that the municipalities were being blamed, if you like, for increases that had occurred in supplementary requisitions by school boards throughout the province. The Urban Municipalities Association asked if we would consider a change in the manner school taxes were collected. The Minister of Education and I agreed that we would take their concerns under advisement, and would consider if there were alternate means by which it could be at least shown to the public that school boards were collecting a certain portion of the property tax dollar. Indeed, we made a commitment to the Urban Municipalities Association that we would undertake to review if it were possible, feasible, or desirable to alter our legislation in such a manner that school boards might in fact collect their own taxes.

I might add, Mr. Speaker, that the Urban Municipalities Association, the the Association of MDs and Counties, and the Alberta School Trustees' Association have annual meetings coming up over the course of the next while, and it would be my expectation that that subject would be a matter of discussion there. The guidance we receive from those annual meetings, as well as the study that our departments are jointly undertaking to see what feasibility there is in this regard, will determine what course of action we take, which has not been decided at this time.

MR. PURDY: A supplementary for clarification, Mr. Speaker. The minister is then saying no definitive decision has been reached on any alternative methods of collecting school or municipal taxes.

MR. MOORE: That is correct, Mr. Speaker.

MRS. FYFE: A supplementary question, Mr. Speaker. I wonder if the minister could advise the Assembly if his department has carried out studies to determine the additional cost that would be incurred on the property tax if two agencies were collecting property tax?

MR. MOORE: Mr. Speaker, those studies are under way. However, I have to advise that when we talk about a school division's collecting their own property tax, we don't necessarily suggest that there be a separate registry, a separate assessment, and a duplication of services which are now provided. Indeed, I think we're talking more about envelopes and return addresses than we are about a separate tax roll. Indeed, that question needs to be given careful consideration, because while it's important that our citizens understand where their property tax dollars are going, it's also important that our system operate with a minimum of administrative cost.

Nursing Homes

MRS. EMBURY: Mr. Speaker, my question is to the Minister of Hospitals and Medical Care regarding nursing homes in Alberta. Some concern has been expressed recently that the minister has indicated that nurses who work in nursing homes should receive less salary. Could the minister please confirm if he has suggested that nurses who work in nursing homes be paid 25 per cent less than nurses who work in other acute care hospitals?

MR. RUSSELL: Mr. Speaker, I'm very pleased to get the opportunity to respond to that question because I have been concerned about the way comments I made outside the House following questions on that matter, have been reported throughout the province. It has certainly caused distress to many nurses. To those who are phoning and presumably continuing to phone, I say: hold it; I didn't say that, and I wouldn't say that. I certainly wouldn't recommend a level of salary to any particular employer group. That's strictly between employer and employee. I don't believe I said what they think I said, but if I did, I didn't mean it.

MRS. EMBURY: A supplementary question, Mr. Speaker. I think I'll leave that one alone and just digest what was said.

However, I am also concerned about the quality of nursing care offered in the nursing homes. Could the minister please indicate if he has had any direct communication with nursing homes in our province recently to confirm if there are any indications that residents in our nursing homes are not receiving quality nursing care?

MR. RUSSELL: Mr. Speaker, I've had no indication that any residents of nursing homes are not receiving quality nursing care. Some concerns expressed through the committee chaired by the hon. Member for Edmonton Norwood have indicated that in some instances the registered nurse to resident ratio has not always been maintained. Of course in instances like that, the inspection division from my department has looked into that matter very quickly. Outside of that kind of instance, I've had no such report.

Gas Plant Emissions

MR. BRADLEY: Mr. Speaker, I'd like to address my question to the hon. Minister of Environment. It's with regard to concerns expressed by citizens in the Pincher Creek area over the nature of emissions from gas plants in that area and their effect on people's health. Could the minister advise the Assembly whether he has, through his department, been able to determine the nature of emissions from gas plants in the Pincher Creek area?

MR. COOKSON: Mr. Speaker, I guess it's fair to say that this is one of the ongoing headaches of the Member for Pincher Creek-Crowsnest. I tabled an interim report this April 16, a study we have done in terms of monitoring the specific area that is causing problems down there. That interim report is public knowledge. I could go into some detail on the content of it. However, we did some further monitoring, and I hope within a few weeks we'll be able again to make public the knowledge we got from further assessment of the area in question.

MR. BRADLEY: A further supplementary, Mr. Speaker. Has the minister any preliminary information which would lead his department to have a conclusive indication as to the nature of those emissions?

MR. COOKSON: No, we don't, Mr. Speaker. In terms of the emission standards so far, we just haven't been able to pin down anything that would indicate in the area of SO_2 , H_2S , CO_2 , and oxides of nitrogen. In the spring I mentioned the problem of the high ozone content, at that particular altitude, which we cannot associate with a health problem. We have also commissioned the Univer-

sity of Calgary to do a study on the selenium content of vegetation in the area, to see if we can determine whether that study might be able to indicate some result of emissions. Very recently the Environment Council of Alberta commissioned further studies by Dr. McCoy, Paediatrics, University of Alberta, to look at the health situation of certain residents in the area. I understand that report will be made public at the time the ECA completes its report on hazardous chemicals.

MR. BRADLEY: A further supplementary, Mr. Speaker. Has the minister any information with regard to whether the Shell Waterton gas plant has been exceeding emission standards in the last year with regard to SO_2 and other emissions?

DR. BUCK: Put it on the Order Paper.

MR. COOKSON: Perhaps it would be best on the Order Paper, Mr. Speaker.

I can give you the statistics on one of the other plants if you would like that, but it's hardly relative to the area.

MR. BRADLEY: A further supplementary, Mr. Speaker. Is the minister in a position to advise the Assembly when these various studies and reports will be completed, and will he give assurance that they will be made public?

MR. COOKSON: Yes, to the last question, Mr. Speaker. To the first: we will finalize the final report on our monitoring of the specific plant in question within weeks, and hopefully will be able to table the report by Dr. McCoy within weeks. Once the Environment Council of Alberta completes the final report of the hazardous chemicals study, we had anticipated it would be available to the public in the late fall of this year; it may go into the first part of the new year, but certainly within that period.

MR. BORSTAD: A supplementary, Mr. Speaker. I'd like to ask the minister if any plans are under way to review the emission standards of gas plants across the province.

MR. COOKSON: Mr. Speaker, as the technology improves, we continually update and review the standards laid down. In terms of sour gas plants, we make recommendations to the Energy Resources Conservation Board, and they in turn take those into consideration through their hearing process. So to answer the question of the hon. Member for Grande Prairie: yes, we are continuing to review, and hopefully we'll be able to wind down the concentrations of emissions as time progresses.

MR. R. CLARK: Mr. Speaker, I'd like to direct a supplementary question to the minister following the questions posed by the Member for Pincher Creek-Crowsnest, and ask if officials of the minister's department have brought to his attention any instances where the Pincher Creek gas plant has been above the clean air standards since the report was tabled in the Legislative Assembly during the spring session.

MR. COOKSON: I have a document before me which may indicate whether there has been any exceeding of the air emissions. There have been three occasions where the H_2S , hydrogen sulphide, has exceeded what we call the odor threshold. Now the odor threshold is a very safe level in terms of health standards. It amounts to about .012 parts per million over a half-hour period. The

Leader of the Opposition might be interested to know that the standards within the operation of the plant itself are 10 parts of H_2S per million.

As far as I know, there have been no occasions where the sulphur dioxide has at any time exceeded the regulation standards. Now that is at the time of the tabling of the interim report. Some further study has been done on that.

MR. R. CLARK: Could the hon. minister indicate to the Assembly what action the Department of Environment takes when, to use the minister's terminology, the pollution from the plant is greater than the odor threshold? What action did the Department of Environment take on those three occasions the minister referred to, if any action at all?

MR. COOKSON: Mr. Speaker, we would if it was a consistent exceeding of the threshold. One has to remember that the Department of Environment sets up monitoring systems around plants where claims are being made that the emissions are excessive. Those monitors measure the H_2S , SO_2 and other materials continuously. While we may determine from that that at some point in time the emission was beyond what we consider odor thresholds, our biggest problem is that we cannot necessarily pin that excessive emission to a specific plant. It could be coming, for example, from a well within the area. It could be coming from some other plant in the area. So we have the dilemma of trying to pin it down to that specific site. We also have the problem that because of certain atmospheric conditions, the recording may be a result of a weather condition that has concentrated the emission on that specific monitoring station. Therefore, it would be very difficult to proceed with that in any kind of legal action.

But to answer the question, if it was a consistent thing for a long period of time, we would take whatever action is required under our legislation. Other than that, we continue to monitor, and we continually advise the companies of periods of time when emissions exceed the regulation levels. The companies generally are very co-operative about trying to improve their standards.

MRS. EMBURY: A supplementary question, Mr. Speaker. Could the minister please confirm for me if the respective oil companies in fact themselves monitor very carefully the level of H_2S gas, and that if they feel something is significant, they try to correct this immediately?

MR. COOKSON: That's correct, Mr. Speaker. The oil company is required to record and to submit reports on a regular basis through the licensing procedure, and this helps us as well to determine the problems.

Grain Embargo

MR. MANDEVILLE: Thank you, Mr. Speaker. My question is to the hon. Minister of Agriculture. Could the minister indicate to what extent Alberta grain producers were affected as a result of Canada joining the U.S. in putting an embargo on Canadian grains to Russia?

MR. SCHMIDT: Mr. Speaker, the information available to me is available to all hon. members. The understanding we have is that the loss to the Canadian producer could run into the millions of dollars.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Has the minister met with officials of the Canadian Wheat Board or of the federal Department of Agriculture with regard to what type of compensation is going to be made to Alberta farmers, or when there will be any compensation coming as a result of the loss of grain markets?

MR. SCHMIDT: Mr. Speaker, not unlike the individual producers, we have been aware of the promises that were made to the producers when the Canadian producer was tied with the embargo itself, and the funding that was promised through the federal government in whatever losses would accrue. At the present time of course, that negotiation and responsibility are still tied with the producers in Canada and the federal government. At the present time I have no indication that they have made any settlement whatsoever.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Is it the intent of the minister to meet with officials of the Canadian Wheat Board or of the federal Department of Agriculture with regard to compensation for Alberta farmers?

MR. SCHMIDT: Mr. Speaker, I would think the decision would be federal. Until a move by Agriculture Canada is made in regard either to no payment whatsoever, one can only assume that at the present time they're still considering honoring the commitment that was made early this spring.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Agriculture. Is he indicating that his department has done no economic impact study on what the effect has been on Alberta wheat farmers? Is that what the minister is saying to this House?

MR. SCHMIDT: The impact to the producer, of course; the loss of complete sales, certainly — I don't have a figure in dollars and cents I could give you offhand. If you so wish, Mr. Speaker, I could provide the hon. member with that figure. We have indicated through the normal channels that producers within this province are part of the overall picture in which the differential was to be made up by Canada Agriculture in the original move that was made on behalf of the embargo that was placed. Not unlike the other provinces, we have made the opportunity to speak with the federal government with regard to the onus that lies on them as to the differential that was stated between the price that would be available to the producer and those because of the embargo.

Correspondence School Relocation

DR. BUCK: Mr. Speaker, my question is to the Minister of Education. Can the minister indicate to this Assembly what opportunities were afforded the teachers who are presently working in the Correspondence School to express their opinions and their views as to the proposed relocation of the Correspondence School to the town of Barrhead?

MR. KING: The opportunities that exist, Mr. Speaker, depend on who it is they want to express their opinion to.

DR. BUCK: Well, Mr. Speaker, I presume it would probably be the minister, seeing the minister's the person

responsible for making the unilateral decision to make the move. My question is: was there any consultation with members of the staff and the minister or the minister's department before the announced relocation was made?

MR. KING: There was no discussion with the staff of the Correspondence School, Mr. Speaker. There was discussion with officials of the Department of Education. I want to make clear to the House, as I hope I made it clear to the staff of the Correspondence School when I met with them a week ago last Monday, that the decision was a decision of the government, not of the Department of Education or of officials of the Department of Education.

The hon. member asked whether there was an opportunity for staff of the school to make representations to me. Certainly there is, Mr. Speaker. Particularly, I believe I indicated to the staff when I met with them a week ago last Monday that on some future occasion I would be prepared to meet with them again to discuss further the move and its implications for them. In addition, I indicated to the staff that representatives of the personnel administration office would be available to meet with them to discuss the circumstances of the move.

In addition to that, the community of Barrhead has established the committee known as the Friends of the Alberta Correspondence School, and they have indicated they are prepared to come to Edmonton to meet with the staff of the Correspondence School, or alternatively to arrange for staff of the Correspondence School to visit Barrhead, in order that the staff can be assured of the quality and variety of opportunities available in the community of Barrhead. I look forward to a very good relationship between the community and the staff of the school over the upcoming 30 months.

DR. BUCK: Mr. Speaker, maybe we should amend that to "Tory Friends of the Correspondence School".

Can the minister indicate to this Assembly what alternative sites — how many sites did the government look at before they chose Barrhead?

MR. KING: Mr. Speaker, first of all I would like to say quite clearly that I believe communities like Barrhead are entitled to participate in the opportunities that flow to this province. That is true . . .

DR. BUCK: There are 50 other similar sites, Mr. King.

MR. KING: Exactly. And I want to make clear, Mr. Speaker, that that opportunity exists for Barrhead, and because Barrhead benefited in this circumstance, we are guaranteeing that those other communities will have a similar opportunity to benefit in the future. Those communities are found in the hon. member's constituency, in Olds-Didsbury, in Spirit River-Fairview, and in a lot of other constituencies around the province.

DR. BUCK: A little sensitive there, Dave.

MR. KING: A number of alternatives were considered. Mr. Speaker, I can't be precise on the number at the moment.

DR. BUCK: Mr. Speaker, to the hon. minister. Can the minister table that information as to what communities had approached the government to have the Correspond-

ence School located in their communities and make it available to the members of the Assembly?

MR. KING: I'll take that under consideration, Mr. Speaker. I can think of some disadvantages in doing that.

DR. BUCK: Mr. Speaker, we'll let the Assembly be the judge of that. Can the minister also table the studies done by the minister's department as to why one site would be chosen ahead of a second one? What study was done as to which site should be chosen?

MR. KING: If the hon. member is asking whether a cost/benefit analysis was done: no. I didn't consider it would be useful in the circumstances. I'd have to have further elaboration from the hon. member if he's not referring to a cost/benefit analysis.

DR. BUCK: Mr. Speaker, to the hon. minister. In light of the fact that before the location for Athabasca University was chosen, communities made presentations to the hon. minister's colleague the Minister of Advanced Education and Manpower. Was that same procedure followed before the move to Barrhead was made?

MR. KING: The same procedure was not followed, but the effect was the same.

DR. BUCK: Mr. Speaker, then can the minister indicate how many communities made representation to the minister's office, and can he table that information in this Assembly?

MR. KING: If the hon. member who aspires to be a minister is asking for a list of the communities which expressed an interest in the location of the Correspondence School, certainly I'd be prepared to provide that to the hon. member.

DR. BUCK: Mr. Speaker, has the minister had an opportunity to meet with staff members of the Correspondence School at this time to discuss with them if any costs will be incurred by the government to help these people relocate?

MR. KING: Yes, Mr. Speaker. I met with the staff of the Correspondence School before the announcement was made publicly. Since the hon. member has expressed an interest in this, I described to members of the staff in general terms the assistance available from the provincial government under the relocation program administered by the personnel administration office. I encouraged them to think very carefully about the impact on their own personal situation and to let that thought develop for two, three, or four weeks. I suggested to them that when they had detailed questions, they should compile them, submit them to the personnel administration office, and the personnel administration office will send representatives out to meet with the staff of the Correspondence School to answer in detail all the questions that have been raised.

I suggested to the staff of the school that they not have such a meeting for two to four weeks, in order that they could think of as many questions as possible and consider as carefully as possible the implications in their own personal situations. I thought that a meeting two to four weeks from now would be more beneficial than one held immediately after the public announcement was made.

Similarly, I suggested to them that while the community of Barrhead would be prepared to meet with them at any time, it would be more beneficial if such a meeting were held sometime in the future so that they could give more thought to the kinds of questions they would want to ask.

But the personnel administration office has a very well developed program to assist employees in relocation, and the staff of the school are aware of that.

DR. BUCK: Mr. Speaker, just one short supplementary. Referring to one of the questions I asked the minister, the minister said he would be able to give the information to the Assembly as to how many other communities applied to have the Correspondence School in their midst. Can the minister give us a date when that information will be presented to the Legislature so it doesn't just sort of get lost in the shuffle?

MR. KING: Certainly it could be done next week, Mr. Speaker. One of the things I will have to canvass will be whether any representations were made to the decentralization committee of caucus, because obviously, in addition to any representations made to me personally or to my office, the role of the decentralization committee of caucus was central in all this activity. Some representations may have been made by communities to that committee of caucus, since I think its role in our operation is quite widely known.

DR. BUCK: Just one further short supplementary, Mr. Speaker, to the minister. In light of the mechanism that the Minister of Advanced Education and Manpower had used, is the minister in a position to indicate if he can remember just off the top of his head if any formal written representations were made to communities as to the proposed move of the Correspondence School?

MR. KING: If you are asking whether written representations were made to us: yes, some were made. Right at the moment I can't tell you how many.

MR. SPEAKER: Would the hon. minister please use the ordinary parliamentary form. A final supplementary by the hon. Member for Vegreville.

MR. BATIUK: Mr. Speaker, I'd like to direct a supplementary to the minister. Could he advise whether the relocation of the correspondence branch to Barrhead is a commitment of the government in decentralizing government services to provide a balanced growth in the province?

MR. SPEAKER: The hon. member, I think, has made quite a complete representation which may not need any elaboration.

Labor Legislation

MR. R. CLARK: Mr. Speaker, I'd like to direct a question to the Minister of Labour, in the absence of the Government House Leader. It deals with the progress that members might expect of Bill 79, The Labour Relations Act, and Bill 80, The Employment Standards Act. In light of considerable representation to our office, both for being able to get copies of the Bills, which are still unavailable, and also the fact that both Bills are of considerable importance, my representation to the minis-

ter would be: is the government prepared to hold these two Bills over, perhaps after they've had a chance of second reading in the House, and then reintroduce the Bills at the spring session so that both labor and management have an opportunity to look at them prior to their implementation?

MR. YOUNG: Mr. Speaker, in responding to the hon. Leader of the Opposition, I have had some discussions with the Government House Leader, who is not present today. I would respond this way. First of all, there has been very extensive discussion with the parties concerned, which I will dwell on and explain during second reading of the Bills. With respect to the availability of copies, I think that will be remedied very shortly. We're doing our utmost to remedy that situation.

From the consultation I had with the Government House Leader, my expectation is that second reading might be commenced in order that I may be able to express and outline the nature of and the reasons for the changes, probably late next week. Finally, Mr. Speaker, it is the intention to proceed with the Bills in the fall sitting.

MR. SPEAKER: With the permission of the Assembly, the hon. Member for Edmonton Mill Woods would like to revert to Introduction of Special Guests.

MR. PAHL: I'm sorry, Mr. Speaker. That pleasant duty has already been accomplished by the hon. Member for St. Albert. Thank you.

ORDERS OF THE DAY

head: MOTIONS FOR RETURNS

MR. HORSMAN: Mr. Speaker, I move that motions for returns nos. 127 and 130 stand and retain their place on the Order Paper.

[Motion carried]

131. Dr. Buck moved that an order of the Assembly do issue for a return showing all correspondence between the departments of Agriculture and Environment, and the federal government regarding the use, distribution, and hazards of the herbicide 2,4,5-T.

MR. COOKSON: Mr. Speaker, I'm prepared to accept the motion for a return, also on behalf of Agriculture, subject to the portion that designates correspondence from the federal government, which would be subject to their approval.

MR. SPEAKER: I assume we should understand that the hon. minister has moved an amendment making the order for a return, if it's passed by the Assembly, subject to the consent of the federal government in regard to their part in any correspondence. Is that the intention of the hon. minister? Does the Assembly wish to agree with the amendment?

HON. MEMBERS: Agreed.

[Motion as amended carried]

head: **MOTIONS OTHER THAN
GOVERNMENT MOTIONS**

224. Moved by Mr. R. Clark:

Be it resolved that the Legislative Assembly urge the government to restructure the Alberta Heritage Savings Trust Fund in order to better meet its objectives.

MR. R. CLARK: Mr. Speaker, I'm pleased to have the opportunity to lead off the debate today on Motion 224. I put this motion on the Order Paper, and we've designated it today, because after four years of the operation of the Heritage Savings Trust Fund, it seems to me that we should sit back and take stock as to what kind of progress we've made in meeting the initial objectives of the fund, those initial objectives being primarily to set aside a portion of money as a saving mechanism for the future and to use a portion of that fund in diversifying the economy of this province. So, Mr. Speaker, it's really from that point of view that I look forward to leading off the discussion this afternoon.

I would say to hon. members at the outset that in looking back over the last four years and the reactions and successes, frankly, of the Heritage Savings Trust Fund, I think most people who look at the fund somewhat objectively would say that basically the concept has been well received by Albertans. When one looks at the initial operation of the fund, despite what some of us may say have been some shortcomings, by and large the first four years have been relatively successful.

After saying that, Mr. Speaker, I think it's important that we as Albertans look at our situation for a moment or two. In the course of the last four years we've developed a Heritage Savings Trust Fund which is basically among one of the largest investment pools that could be found anywhere. On the other hand, a number of private organizations in this country, this continent, and certainly the world have taken 50, 75, or 100 years and even longer to get an investment fund anywhere comparable to the size of the Heritage Savings Trust Fund today. So what's happened in the course of four years is that we in the province of Alberta have really moved into the world league, if I can put it that way, from the standpoint of the Heritage Savings Trust Fund or investment responsibilities within this province.

I'd like to commence my remarks from that vantage point. I hope to finish my remarks within 15 minutes so a number of members can have an opportunity to take part in the debate this afternoon, recognizing that the debate has to close at 4:30. Suffice it for me to say then that, yes, the fund has been in operation four years, and I think reasonably successfully when one considers the very rigid restraints we've placed on the fund. I say "we" because the Legislative Assembly has basically placed those restraints upon the fund. In the course of four years, we've moved to a situation where we have a fund to be invested which is among the largest in the world.

I'm suggesting here this afternoon, Mr. Speaker, that we pause for a period of time and talk in terms of not changing the concept of the fund, but how we better restructure the fund to meet its initial goals. As I see them, those initial goals are: one, to guarantee that future generations will have the benefit of the saving aspect of the fund and, secondly, the commitment to economic diversification within the province.

Early in my remarks I should make the point that I don't want what I'm saying here this afternoon to be seen as critical of the people in the Treasury Department.

Because it seems to me that basically what we've asked the people in the Treasury Department to do is on one hand be the savings advisors to the government, or if I could put it this way: in the mornings they are to look after the savings aspect and get the highest possible rate of return for us, and in the afternoons they have the other responsibility of looking after the economic diversification aspects of the province. So really what we've said to our Treasury people is: we want you to have two responsibilities, one in the area of getting the highest possible investment for us, and the other in having the responsibility at least for managing in the area of economic diversification.

Mr. Speaker, yesterday in the Assembly I tabled a document that the office of the Leader of the Opposition had commissioned. The reason for commissioning that document, as I indicated to members of the committee on the Heritage Savings Trust Fund some months ago, was that it seemed to us that now is an appropriate time to stop and look at the fund, not from the standpoint of the concept of the fund but, more importantly, of what is going on in the rest of the world in managing this kind of fund. I would recommend that members of the Assembly look at the work done by Professor Daniels and Michael Swack. I say on behalf of my colleagues that certainly we don't agree with every observation they make, but we do think the work done adds a new and broader dimension to what we're looking at as far as the operation and management of the Heritage Savings Trust Fund is concerned.

Mr. Speaker, this afternoon I filed with the Legislature Library copies of the views of the official opposition as a minority report following the report tabled yesterday by the chairman of the select committee. I advised the chairman of the committee that it was my intention to file the report with the library some time ago, and I would say to the hon. members through you, Mr. Speaker, that the filing of the report is not meant as a reflection on the chairmanship in any way, shape, or form.

Mr. Speaker, the minority report we filed with the library and the recommendations we're putting forth basically centre around the idea of separating the two functions of the fund so that we get the best possible mileage — if I might put it that way — out of our efforts to diversify the economy of this province, and that we also set up a separate structure so we get the best possible return from the savings aspect of the fund. I want to propose to members this afternoon that in the restructuring of the fund, it seems to me that basically there are four sections we should be looking at.

The first section I'd choose to call the Alberta development finance division. The sole responsibility of this Alberta development finance division would be in the area of economic diversification. It would constitute not more than 30 per cent of the fund and would serve to encourage development of small- and medium-sized Alberta enterprises by providing innovative development financing where the private market is either incapable or unwilling to undertake the needed financing. It seems to me that what has to be done here is to survey the financial needs of small business in this province and also those not so small business interests that are involved in innovative efforts or endeavors. I want to make it very clear that neither I nor my colleagues see this kind of restructuring in any way, shape, or form interfering with the private financial institutions in the province. Because basically the needs we see that have to be met are not within the traditional role of the private financial

institutions.

This development financing division may well need to be empowered, first of all, to make loans with lower than market interest rates and flexible terms. Secondly, it may have to be involved in equity investments of the kind where the development finance division would make equity developments under the conditions that the individuals or firm the equity investment is in would be able to buy their equity back from the fund at some later time at no loss to the fund, so that the equity would not continually be in the fund, but in fact the business venture would be able to acquire their equity back from the fund.

Thirdly, another option this division may well have to look at would be the idea of some sort of umbrella financing for several small businesses. From the discussions we've had with people in the investment community, there appears to be a need for some sort of umbrella financing to help businesses that face high transaction and information costs, which make conventional borrowing in small business bonds unsuitable. As a package, though, these bonds could provide an essential risk and would become a more viable financial instrument on the private market. That's another possibility this development fund may very well have to look at.

These and other mechanisms would allow the Alberta development finance division to be flexible and meet the needs of small- and medium-sized entrepreneurs in the province, and certainly larger groups that are involved in innovative development programs. It seems to me, though, that the two key words of this kind of fund would be "flexibility" and "incentive" for innovative industry. These have to be the keys.

Now hon. members may very well be saying to themselves, isn't this what the Alberta Opportunity Company is doing? I would say that if one goes back and looks at the setting out of the Alberta Opportunity Company, there is legislative provision for the Opportunity Company to be involved in equity financing. It's never done that. Rather than go the route of expanding the Alberta Opportunity Company, I would far sooner see us set up a small division within Treasury, a limited number of very, very able people who would work through the treasury branch system in the province, basically having locations across the length and breadth of the province.

It seems to me, Mr. Speaker, that we must also keep in mind that this group's sole responsibility would be economic diversification: looking at the gaps presently in the financial community in this province; not interfering with the existing financial services being provided by existing players in the game, but meeting a number of the gaps that appear to be there. While I don't profess to be an authority in this area, certainly one of the problems in getting venture capital in this province until now has been that with the kind of incentives in the drilling industry — for example, there has been a real incentive by people who may very well be involved in setting up venture capital organizations themselves to see very easily a far greater return from investing in drilling stocks than going this particular route.

To conclude my remarks on this Alberta economic finance division, its sole and absolute responsibility would be dealing with this very crucial question of broadening the basis for our economic output in this province, and at no time would we see more than 30 per cent of the amount in the fund in this particular area.

Mr. Speaker, moving on to the second area and the second bit of restructuring we would see. This is the area of a heritage savings investment division. The prime func-

tion of this division would be to see that we get the highest possible rate of return. This division would be made up of at least — and I emphasize "at least" — 30 per cent of the Heritage Savings Trust Fund money, and have one purpose only: to return as high a return to the fund as is possible within the bounds of prudent investment.

In four years we've reached the size of a world-scale fund. It now seems to me that we need world-class investment managers. I commend the Treasurer, in that I believe the department in the last short period of time has taken on people from Montreal and London, if I'm not mistaken, to move in this area. That is a positive move. But as I see it, there's a need for world-class investment managers recruited from the private sector, under the direction of an individual to be chosen for his experience and expertise in fund management. It seems to me that this investment board must be free to invest the funds within prudent limits set out by the Legislature, and that those limits have to be considerably broadened even from the limits that were broadened somewhat last year. From the information I've been able to acquire, my understanding is that even with the changes made last year, little change in the basic investment pattern has taken place since that time.

It seems to me that what we must do is, first of all, make it possible for the fund to diversify internationally. Secondly, the fund must be free to purchase equities in foreign and domestic companies, within the limits, certainly, of prudent investment. Thirdly, the fund must be free to invest a portion of its assets in investments with a high return potential and, accordingly, a high-risk potential also. Before members become alarmed about putting all the fund in that area, I would quickly say that we should start with a rather conservative portion of the fund, say 5 per cent. Very obviously, as any prudent investor would do, the fund should maintain a portfolio of low-risk bonds. Wherever possible, these bonds should and will include the debt of other provinces. I think that's one of the positive contributions the fund has made, despite the fact that the rate of return on those bonds has certainly not been what it should be. I see the Minister of Federal and Intergovernmental Affairs shaking his head. I look forward to his contribution during the debate.

Mr. Speaker, it seems to me that to make this kind of move and to broaden the fund this way, we're going to have to get fund managers and we're going to have to reward these people for a high return. We're going to have to replace those people who don't do a satisfactory job of operating a portion of the fund. I'm sure this is a difficult problem for government to face. But I would point out to members of the Assembly that other governments, and Alaska is an example, are now going this route of taking a portion of their investment portfolio and making it available to a particular group on a contract basis for a year, setting out very clearly the expectations, the guidelines, and the criteria for what they can invest in; taking another portion of that fund and making it available to a second group, and another portion and making it available to a third group. Then, all having the same criteria and the same guidelines, at the end of a designated period of time — perhaps one year, and no longer than two — doing an assessment of the kind of success there's been and frankly dropping off the firm that has done the poorest job over the course of the two years, then making it possible for a new firm to become involved and take on one-third of that investment portfolio that's to be handled that way. That has had

considerable success in the management of a number of funds.

I was rather surprised to find out that within Canada one of the more successful funds has been the pension fund of Canadian National Railway employees. Within the last period of time, as a result of some rather imaginative world-scale investment, they've been able to get returns — not always, but a number of these funds, including the Canadian National fund, have in some cases been able to get up to as much as a 7 per cent real rate of return. A 7 per cent real return is not 7 or 8 per cent like we have sometimes looked at, but 17 or 18 per cent, 7 per cent above the rate of inflation. I would point out to members of the Assembly that if we're going to strive, and I believe we should, for that kind of return from the saving portion of the fund, then it's essential that we put up some rather high fences around those people who are doing the investment for us. I'm the first to admit — and it'll be in *Hansard*, so members can remind me of it — that there will be occasions when we will not be absolutely successful, especially in the high risk area. But it does seem to me that we have to bring together the best possible people we can acquire. In my judgment, that's going to have to be done by going to the private sector on the basis of the kind of approach we've talked about here.

Let me make the point once again lest I be misunderstood. I'm not being critical on this occasion of the investment approach that's been followed to date by the Department of Treasury. I'm saying that after four years and getting to the stage of a world-scale fund, now's the time for us to do some restructuring. The basic restructure that I see needed is, one, in the area of not confusing the functions of the fund but giving one group the very specific responsibility of economic diversification and meeting the funding needs there; and, on the other side, getting the highest possible rate of return that we can from the savings portion of the fund. I should say that my colleagues on the select committee at least bought one half of that idea. My colleagues on the committee bought the idea that we should set a portion of the fund aside and try to get a higher rate of return on it. I'd be less than fair if I didn't make that observation as I conclude my remarks in that particular area.

Mr. Speaker, moving along very quickly, I'd like to make two other suggestions for restructuring the fund. The third suggestion is that we should look at setting aside a portion of the fund, not more than 10 per cent, that I'd call the economic development impact division. That would come to grips with the areas in this province where megaprojects are on target, are starting to develop. I would think in terms of two areas right now: certainly the Cold Lake-Grand Centre-Bonnyville area; secondly, the Fort McMurray area. What we'd be doing here — and I think this is a logical and legitimate call upon the fund — is to set aside up to 10 per cent of the fund's income of the year and then, through means of an order in council, make grants to the local government in those areas where we feel a negative impact of rapid energy development is taking place. Hopefully this could be done prior to the construction, continuing during the time of construction until economic conditions in the area have stabilized. I would see going into such areas as not only physical infrastructure — parks, schools, preventative social services, and so on.

I would point out to hon. members that the state of Montana has just started this kind of venture where they're taking out — if my memory's accurate — something like 17.5 per cent of their royalties and putting it

into such a fund. The concept is that that would then be used to deal with the negative impact of energy development in that particular area. That's a third bit of restructuring that I feel should be done.

The fourth comment I would make is that I think we should retain the capital projects division of the fund. I think we should be careful not to be involved in simultaneous funding. By that I mean some funds coming from the operating budget and some from the capital projects budget at the same time. Also, I think we should be careful that capital projects division funds must be for the purpose of increasing human and economic capital in the province of Alberta and not to provide services to the public.

Mr. Speaker, let me conclude my remarks very quickly. I'm saying that we've had four years to look at the operation of the Heritage Savings Trust Fund. Basically, we've had some successes. In my judgment, it's now time that we reach the size of a world-class investment fund. We should be separating the two basic functions, the function of economic diversification and the function of saving. I submit to members of the Assembly that by doing that in restructuring the fund, we would be far more successful in meeting basically the financial needs to enable small business and innovative enterprise to broaden the economic base in this province. By taking the steps I've outlined, I think we'd be far more successful in enabling the investment people in the fund to enable us to be not only a world-scale fund from the standpoint of size, but to get the kinds of returns we should be looking at in that particular area. Thirdly, I urge that members look at the idea of an energy development impact division so that those areas which are negatively impacted by energy megaprojects could be compensated and dealt with before the problem develops, rather than after and a large burden falls on the local community.

Fourthly, the capital projects division should be retained and we should be careful not to have simultaneous funding in those areas. Mr. Speaker, I say to members of the Assembly that the suggestions we have made here are by no means an attempt to reinvent the wheel. In fairness, I think the government has made some moves in this direction over the course of the last year, and I commend those moves. But I think now is the appropriate time for us to have a look at seriously restructuring the fund so we can meet the basic commitments we have. Those are the commitments of economic diversification and a savings fund for the future.

[Two members rose]

MR. SPEAKER: I believe the hon. Member for Edmonton Whitemud caught the eye of the Chair first.

MR. KNAACK: Thank you, Mr. Speaker.

I want to say that I appreciate the Leader of the Opposition, and the opposition party, taking the initiative to develop the study. I think it's fair to say that the Leader of the Opposition — and I'm not in any way criticizing him — is reflecting some of the recommendations in this report.

One of the debates that has been going on, in particular between me and the Leader of the Opposition and others, is the real purpose of the Heritage Savings Trust Fund. I know the Leader of the Opposition is continually repeating that it has a dual objective of diversifying the Alberta economy and a savings fund. I think the Act itself is clear that it's primarily a trust fund. And the Premier, either

this time before the select committee or the prior time, made it clear that the primary purpose is a trust fund. But I want to make the argument that the savings fund was set up primarily for the purpose of a savings trust fund.

I will start by just reiterating the preamble, As you know, Mr. Speaker, very few Acts have preambles. But this one has, and it had the purpose of identifying the reason for establishing the fund:

Whereas there is a limited supply of non-renewable resources and therefore revenues from the sale of those resources will ultimately be reduced;
and

Whereas it would be improvident to spend all such revenues as they are received;

"Improvident to spend all such revenues" is the key phrase there.

Whereas the Legislature of Alberta considers it appropriate that a substantial portion of those revenues be set aside and invested for the benefit of the people of Alberta in future years:

Therefore . . .

Then it goes on and lists the specific provisions.

The Act itself has a name, and the name is significant. It's called the Alberta savings trust fund. "Heritage", because we're trying to preserve our heritage through the investment of the fund, which we're exploiting now. So it's the Alberta savings trust fund. It's to save; "Trust" meaning entrust for future generations.

The Leader of the Opposition comes to his conclusion because of one line, relating to the Alberta investment division, which is on page 5 of the Act — we're talking about the abilities to invest, and about the Alberta investment division — which states:

will yield a reasonable return or profit to the Trust Fund, and
will tend to strengthen or diversify, the economy of Alberta . . .

That portion of the fund has a maximum of 20 per cent. The reason it is set up in that wording is to permit the possibility of obtaining slightly less than the market return but a reasonable return, but offset on the other side by strengthening or diversifying the economy.

The real problem here is the concept. This report — and I think it's an excellent report and will stimulate a lot of thought, and I'm sure the Heritage Savings Trust Fund committee will review some of those suggestions. But the main suggestion and the main premise of this report is that revenues from non-renewable resources should not be spent on recurring expenditure. That's the main thrust of the report. That's exactly what the Heritage Savings Trust Fund now does. The whole purpose of it is to put savings aside so they won't be spent.

Let's remember this: 70 per cent from the revenue of non-renewable resources is now being spent. When the Leader of the Opposition says, let's split up the trust fund and use up to 30 per cent for subsidizing interest loans to business, or providing equity financing that can be bought at cost, what he's suggesting is to take a portion of that 30 per cent to subsidize businesses rather than using the other 70 per cent that's already going into the General Revenue Fund. What I'm suggesting is: the fund's already there; the 70 per cent, already departmental expenditure.

[Mr. Purdy in the Chair]

Now the report recommends, and the Leader of the Opposition has suggested, that we have to divide the

fund. Well, it's not necessary. The primary purpose of the fund is a savings fund, and it should be conducted, and the Treasury Department should address itself, to the savings function. We have a whole department. We don't need a breakdown within another department to diversify or strengthen the economy. We have a whole department, called the Department of Economic Development, whose sole purpose is to strengthen and diversify the Alberta economy. In addition to that we have the Department of Tourism and Small Business, whose purpose is similar and complementary. These departments are funded partly out of non-renewable resource revenue, and I submit there is no reason to take another chunk out of the savings portion and put it into the economic diversity provision.

During a briefing session at noon hour two days ago, I asked the consultant Dr. Daniels if he would recommend a development function or diversification function, even if the Heritage Savings Trust Fund didn't exist at all. I think I could ask the Leader of the Opposition the same question: would you recommend this development proposal even if we didn't have a trust fund, if it didn't exist? Just look at the Alberta economy. It's strength lies in some fundamental industry. We need to diversify; it's recognized. But would we try to diversify in the absence of the fund? Of course we would. The answer is obvious. We want to diversify, and we will do everything possible to diversify. The only issue here, with respect to the Leader of the Opposition, is should we use the trust fund as a mechanism, and hire people within the trust fund to lead to that diversification? In my view the trust fund should be as it's set up and as it was set up, primarily a vehicle for savings to maximize the return over a period of time.

With respect to the diversification aspect, to date this government has made significant strides in diversifying and strengthening this economy. It's agreed that there's a greater need for risk capital and the various kinds of financing to allow small and medium business to get a start. Perhaps there is an aspect, and I think it's been mentioned before, by members on both sides of the House, that the heating of the economy which we've experienced is a detriment for small business to get both capital and to attract labor. We know and recognize that it's a problem.

But I think the House would be interested in knowing, and is probably aware, that we have a caucus committee that is looking at a new tax system to provide stimulus to small businesses. We also have a caucus committee that is working on other kinds of incentives for small business. And I think it's well known that a venture capital proposal is being looked at in the Department of Economic Development and in the Department of Tourism and Small Business. So I think the division, as the Leader of the Opposition suggests, isn't necessary because those other kinds of development functions are now taking place. There may be some merit in re-examining if more can be done to stimulate economic development. I would certainly support that, and that's being looked at right now.

I may be wrong on this, but I sense that the Leader of the Opposition has basically changed his point of view from comments he's made in earlier years on the Heritage Savings Trust Fund committee, and has now recognized that the trust fund should be invested in some risk-oriented investments in order to get a higher rate of return. I also support that and have supported it in the past. I guess if I had a question of the Leader of the

Opposition, it's how risky a venture he would support. That's a difficult question, because by definition "risk" means you don't always win, and sometimes you have substantial losses.

In closing, I'd just like to say that there is no question that the trust fund is in the developmental stage. I think it's important to re-examine it every so often, to make amendments to the Act as we see fit. We've made some of those amendments. I know the opposition has had input in terms of recommendations. I think this is a time to examine it again. I just want to say in closing that I'm sure this report, along with other reports received by the committee and this Legislature, will receive careful consideration.

Thank you.

MR. PAHL: Thank you, Mr. Speaker. In rising to speak on Motion 224, the wording of the motion says, "... urge the government to restructure the Alberta Heritage Savings Trust Fund in order to better meet its objectives." Notwithstanding the hon. leader's fair and careful comments to the contrary, implicit in that is a suggestion that the Alberta Heritage Savings Trust Fund has not met its objectives. Notwithstanding that review, I should like to say at the outset that the opposition party is to be complimented for their very sincere effort at presenting ideas to the Legislature. Their consultants' report certainly was gratifying to me. Although they indicated in that some horrible Dutch, Alaskan, and British diseases, the conclusion I came to was that the Alberta Heritage Savings Trust Fund hadn't even provided us with a temperature.

AN HON. MEMBER: No fever?

MR. PAHL: No fever. Before I respond to that, let us look at how the Alberta Heritage Savings Trust Fund has met its objectives. As the hon. Member for Edmonton Whitemud so clearly outlined, it was certainly set up as an opportunity to provide for the future by saving part of the revenues from our rapidly depleting non-renewable resources, oil and gas, for a period in the future when those revenues wouldn't be available and there would be a need to make a transition to another economy. Over its short life of four years, the Alberta Heritage Savings Trust Fund was amended twice, first in 1979. I think this is adequate testimony to how well a job was done by the original framers in the Legislature at that time — that after three years we added "strengthen or diversify" rather than "strengthen and diversify". To just quickly ask ourselves whether that test has been met: certainly within the course of the period of 1979, something like 70,000 new jobs were created in Alberta. Eleven thousand of those new jobs were created in the financial service sector. Mr. Speaker, I submit to you that that is a pretty good measure of the sort of diversification the province of Alberta is enjoying. Certainly a good deal of that credit can be attributed to the Heritage Savings Trust Fund expenditures.

The Heritage Savings Trust Fund is now divided into five divisions. The last two are a result of an amendment in 1980. So you can see the point I'm trying to make: that there has been a restructuring, a changing over time. That has been reflected in the need perceived by the Legislature to create an energy investment division and a commercial investment division. These two divisions respond to the changing needs and opportunities in our province and our stature as a world-class investment portfolio. The

commercial investment will certainly, by having an opportunity to spread the investments, hold out hope for increasing the overall aggregate rate of return of the fund.

I think the Canadian investment division certainly has to be a positive strength, with its increase in the amendment from 15 per cent of the fund to up to a maximum of 20 per cent of the fund; where we are making investments to the rest of Canada, sharing with Canada, and avoiding an outflow of capital through interest payments to the bond markets of the United States and around the world. The Alberta investment division has provided much the same sort of function — as the suggestions of the consultants' report that have been the basis of the recommendations of the hon. Leader of the Opposition — in providing funds to the Alberta Opportunity Company and the Agricultural Development Corporation, to name two. Certainly the capital projects division has provided that strength and diversification to the province in what I think is a very unique way. The example I'll use is the Pine Ridge Forest Nursery, a nursery dedicated to providing seedlings and seeds for the reforestation of our forests. So what we're doing is taking revenue from a non-renewable resource and putting it into a renewable resource; obviously, I think, one of the very best ways we can diversify and strengthen our economy.

I should like to respond somewhat to the recommendations of the hon. Leader of the Opposition. A few moments ago I received on my desk the minority report of the office of the official opposition for the select standing committee on the Alberta Heritage Savings Trust Fund. I must admit I'm somewhat disappointed that the opposition felt it necessary to present a minority report. Also, they denied themselves the opportunity to debate those views in the select committee and, of course, include them in the full report.

To conclude, I suppose my assessment of the recommendations of the hon. Leader of the Opposition is that within the structure of the Heritage Savings Trust Fund, with its five divisions, in effect we have what has been proposed by the hon. Leader of the Opposition. To put it in poetic terms, perhaps you could say that a rose would smell like a rose even if it was called by another name. However, if you spend \$25,000 U.S., you can get some poetic attachment to it. My poor description of what a rose would smell like by another name can't compare with the value of the poetic expression in the famous phrase "my love is like a red, red rose". So it all depends on how much money you want to pile into the exercise of redescribing what already exists.

Although I felt there was good value for the party of the hon. Leader of the Opposition in commissioning his study, I must say that perhaps he was just a little bit uncritical in incorporating a lot of those recommendations into the minority report that he presented today, and his resolution. I think there was a degree of misunderstanding in the thought that there could be an umbrella approach to bond issues. The hon. Leader of the Opposition has not understood that not only do the small number of firms that otherwise could not float a bond issue need to get together to create a bond issue; there has to be a market on the other side. The market on the other side is created by a large number of institutional investors who wish to spread their portfolios over what would be called a higher risk offering. That is absent here in Alberta.

I should also point out that although the hon. Leader of the Opposition refers to the incentives provided to the oil-drilling industry — and he's quite right; there are —

what he fails to point out is that those incentives are based largely on the federal tax system. I guess he has not carefully considered the implications of the Alberta corporate tax system that the hon. Member for Edmonton Whitemud has put forward.

I would also suggest that the idea of an economic development impact fund is really in place. It's in place firstly by the fact that 70 per cent of the resources gained by the province from non-renewable resources and the sale of leases is dedicated to operating general revenues, and within those general revenues there are provisions for providing sewer and water installations in high-growth areas through the Department of Housing and Public Works. There is also a roads to resources program that directs spending indirectly, or at least 55 per cent from non-renewable resource revenues, to the high-growth areas. But as I said at the outset, we're always willing to accept a good idea, whatever or wherever the source, and if we put another label on it and it would help, we should be open to that.

Mr. Speaker, in summary, I compliment the official opposition for their positive contribution to the management of the Alberta Heritage Savings Trust Fund. However, I would say that perhaps they should have thought about sharing those views in the forum we have in the select committee of the Legislature and then bringing them here. They would have had two shots at it, and perhaps their resolution would have reviewed those suggestions a little more carefully before they brought them to this House.

Thank you.

MR. BORSTAD: Mr. Speaker, I am pleased to join in the debate this afternoon on Motion 224, brought forward by the Leader of the Opposition, urging the Assembly to restructure the Alberta Heritage Savings Trust Fund, which seems to suggest, at least, that it's a disaster now. I would take exception to this. Possibly after four years we should look at and review the situation, but I feel very strongly that it's not a disaster.

I believe the capital projects division, which is the projects for people, is doing a job and filling a real need in this province. The Canada investment division is filling a need in assisting our sister provinces to keep the funds in Canada, rather than going to the foreign market. The Alberta investment division is assisting our province to strengthen the economy in various ways. Therefore, Mr. Speaker, I think the fund is doing the job it was set up for.

I would also have to take the opposite approach to the Leader of the Opposition when he says we should set up another new lending authority. We presently have two lending authorities, AOC and ADC, and I would far rather see them strengthened and their programs expanded than setting up another lending authority or agency.

While I'm speaking of ADC, I might just mention that a farmer who works out is classified as a part-time farmer and usually cannot qualify for ADC loans. If we look at the farmers in northern Alberta, about 50 per cent of them are part-time farmers because 50 per cent work off the farm. Therefore I strongly suggest that we take a really hard look at the loaning policy of ADC; that's one area where this program can be expanded.

I also believe the deposits in marketable securities have shown a fair rate of return. Sure, we could have invested in areas of more risk with a higher return, but you also have to look at the consequences of that: when you invest

in high-risk areas, you're usually going to have some high losses. I would think there would be quite a hue and cry if the investment division were to lose on some of this risk investment.

Section 9 of the Act was amended to allow investment in Canadian equities and foreign assets. We've also moved this year to two new divisions, the energy division and the commercial investment division. I believe the investment committee is doing a good job, and I would like to commend them for their work. Some have said our oil and gas incentive plan is too rich for the oil companies. I would say today, where would we be if we hadn't put those incentives in?

I would like to say that I appreciate the work done by the Leader of the Opposition through Dr. Daniels. I think the report has some good points. But I do not find the fund in trouble, as some would like to say. It's my understanding the fund was set up to be a nest egg for the future, to have funds for a rainy day, and I believe it's working very well in that direction. But I believe the Heritage Savings Trust Fund committee should review the report of the Leader of the Opposition, along with the western research report and any other documentation that might come forward, before we stampede into making any changes.

MR. MUSGREAVE: Mr. Speaker, I'd like to make just a few comments. I'd like to commend the opposition for commissioning this report. I think it gives us an opportunity to look at the fund from an international viewpoint. I'm sorry, though, that he didn't bring it to our committee first, where we could have had full debate. I think if you removed the front cover, most of us would agree it's a fairly impartial report and free of political bias.

AN HON. MEMBER: Except for the color.

MR. MUSGREAVE: Yes, except for the color. Being a politician, I appreciate, too, that in bringing it here he's going to get more mileage than he would in the committee.

Mr. Speaker, I agree that the report gives us an opportunity to take a second look. As chairman of the Research Council I know that one of the concerns we've had is the limited equity market, particularly for small businesses and new entrepreneurs who have ideas that are risky at best. It's very difficult to get financing for these new technologies. I think one of the suggestions to come out of the report was the pooling of risk equity investments that could be protected by means of an insurance fund.

This is not a new idea. All of us who have had CMHC mortgages have had to pay that insurance fee for mortgage payments the majority of us have been fortunate enough to be able to make. Pooling the risk might be a good way to attract venture capital. There is certainly capital available in our country, and right in the province of Alberta on our Alberta energy subscription we received over \$75 million. I think the conventional market advised the then Minister of Energy and Natural Resources that he'd be lucky if he got \$40 million or \$50 million. But I think probably the people of Alberta realize it is a good opportunity to become involved in the energy business. That probably accounts for its success.

However, recently in the province to the west of us the B.C. resources company was oversubscribed by almost \$5 billion, and unfortunately, the way that company has been drifting lately, I doubt if such successful ventures

will be possible in the near future.

But there is money available. We know that Canadians invest huge amounts of money. I think we're the most heavily insured people in the world. We put large amounts of money into Canada Savings Bonds. There was a recent issue of *The Financial Times*, I think in 1979, that said there were over 34,000 people in Canada with savings exceeding \$100,000 in simple savings accounts in Canadian banks. If you take \$100,000 and multiply it by \$34,000, you come up to \$3.4 billion. That will give you an idea of the kind of money around this country that's not working productively.

I think the suggestion of competition among managers is something we could take a look at, particularly if you pay them on performance rather than pay them salaries that are limited by our civil service scale. As one of the consultants said to me yesterday, many of their recommendations are based on that old human frailty, greed. I said, do you mean greed of the managers? He said, that's half of the greed, and the other half is the greed of the investors. So I think we should put that to work.

This is the kind of competitive spirit Japan uses to stimulate . . . We think of Japan as operating as one entity. That's not true. They have several companies operating within their organizations, and these companies are tough competitors. The one that doesn't perform gets chopped, and the ones that do perform are well paid. I think we're going to have to adopt some of those ideas.

In the report itself, some of the ideas are going to be very difficult to sell politically. For example, how are we going to convince a new community like Fort McMurray that they should be paying for, their roads, bridges, and hospitals by means of bond issues when we as a province have huge amounts of money in the heritage fund? It's going to be pretty hard to tell these people they should be paying taxes. I know there was the idea of allocating a portion of the fund. But that, too, is fraught with difficulties, because you're arguing about how much of the extra money results from new development and how much is just from normal growth.

I think the report should be studied carefully, Mr. Speaker. I would be much happier if we had had the opportunity for a response from Treasury and from our Provincial Treasurer. I think there's no question that we need venture capital and new ways to obtain it. One thought that might unnerve some people: maybe we should put \$100 million into gold or, better still, gold line stocks, because any person in Canada today will say that just as a little insurance policy you should have some money in gold. If it applies to a small investor, why wouldn't it apply to a new one?

Finally, Mr. Speaker, I think we've got to appreciate the fact that our nation is well housed in spite of some people's comments that we're not. We are one of the best housed nations in the world. Obviously we'd have to be, or we'd freeze to death in the wintertime. We're saturated with shopping centres, and what we need is more money into productive facilities such as factories and computer services, new developments in technology, these kinds of things. I would support the idea, of our saving more than 30 per cent. My frank opinion would be that every year we take roughly 75 per cent of our general funds and transfer them to the heritage fund, because I think we should be putting far more aside than we are. I know it's fraught with political problems.

I'm a little disappointed that the Leader of the Opposition did not bring this to the heritage fund committee for us to fully debate it there. However, I appreciate his

reason for bringing it here. I just hope we get an opportunity to debate it more fully at that place.

MR. NOTLEY: Mr. Speaker, in taking part briefly in the debate on the resolution before the House, I appreciated, as other members of the trust fund watchdog committee did, the opportunity to meet with the consultants yesterday and to be given an outline by those gentlemen of the reasoning behind the proposals they've made.

Mr. Speaker, I don't concur with everything the consultants recommended, but in my view several points are well worth considering. I think the distinction between the role of the fund in diversifying the economy and the savings feature was an important point, as I perceived the consultants' discussion yesterday. If we end up without making a clear distinction, then it seems to me we don't really do either function very well. The consultants are making the observation, probably quite correctly, that the failure to clearly distinguish the two functions has meant that we as a province haven't been doing as much as we should in the area of diversification on one hand, nor have we been maximizing the yield to the fund on the other. Mr. Speaker, it seems to me that particular suggestion has to be carefully evaluated by the Assembly.

Similarly, one of the proposals contained in the consultants' report was the recognition that there should be some kind of vehicle for diversification. The consultants looked at the idea of the Alberta Opportunity Company and the Agricultural Development Corporation, but felt that neither operation at the present time really filled the bill. Yesterday the point was made to us as committee members that the Alberta Opportunity Company in particular was much too cautious, much too conservative, in its approach and, as a consequence, failed in the diversification aspect. I'm not sure that I agree with the consultants when they suggest that if we put perhaps \$500 million of up-front money into an Alberta development corporation, or some variation of that agency, the rest of the money could then be attracted from elsewhere in the world. I'm not sure that can be done. I'm not sure that is a viable alternative to recycling oil funds directly through that kind of corporation. But I do believe their suggestion that we should have a survey of economic prospects in this province — I called it an inventory; they called it a survey — is important. Because it's high time that we as a province do somewhat more than we've done to date in the area of assessing what is possible and what isn't possible in the provincial economy.

Similarly, Mr. Speaker, one of the areas I found attractive that I think needs to be underlined in the consultants' report was the suggestion that the world-scale projects will probably look after themselves to a large extent. If we're going to talk about diversification and decentralization, our emphasis should be on small- and medium-sized business. That's where the bulk of the jobs are going to be created; that's where the opportunities exist for substantial diversification in the Alberta economy. It seems to me again, Mr. Speaker, that those arguments are well founded.

In summary, I found the report a useful document. It's my understanding that the final report was received recently by the office of the official opposition, so the suggestion that somehow it should have been brought to the trust fund committee is a bit of a red herring. I suppose the odd red or blue herring dragged across this stage is fair enough in this kind of debate. Nevertheless, Mr. Speaker, in my judgment the report should be considered as a useful and an important document.

The other element that I thought was worth expanding upon briefly was the suggestion that in terms of our investments, in terms of the saving aspect of the trust fund, we really have to become a little bolder so we can get into the class the consultants talked about, world-class investors. Of course we're not going to have world-class investors if the people doing the investments are overburdened Treasury officials. We have to get the very best people we can find. This may sound rather strange coming from a socialist member, but if the best people we can find are going to cost us a lot of money, we're dealing with a lot of money, Mr. Speaker. We're dealing with billions of dollars and we have to court, entice, and encourage the very best we can locate in the world. Because with the amount of money presently in the fund, while there may be a slight lessening of the rate of increase in growth over the months ahead, nevertheless it's going to continue to be a major factor in the investment scene in Alberta and in the country. With that mind, Mr. Speaker, it's my submission that we should be very conscious of getting the best people and not being pennywise and pound foolish, because we're talking about billions and billions of dollars of public funds.

I don't agree with other aspects of the report. I have some real concerns about some of the moves we've seen in other jurisdictions, particularly the state of Alaska. I know we just had the minority report by the official opposition, and we'll have an opportunity, perhaps at some later date or when we discuss the committee report itself, to go into more detail.

Mr. Speaker, I gather the time is now 4:30, so I beg leave to adjourn debate.

MR. PAYNE: Mr. Deputy Speaker, earlier in this hour I indicated to the Speaker, by standing, that I wished to participate in this debate, and I received from him a non-verbal acknowledgment of that interest. In view of that, and in view of the reference the Leader of the Opposition made in his remarks to my function as chairman of the select committee, I wonder if I might ask for unanimous consent of the House to participate in this debate for perhaps four or five minutes.

HON. MEMBERS: Agreed.

MR. KING: Just on a point of order. If we could be clear, Mr. Speaker, I presume that means the hon. Member for Spirit River-Fairview would conclude his remarks now and be followed by the hon. member who is the chairman of the committee.

MR. ACTING DEPUTY SPEAKER: That was my understanding.

MR. NOTLEY: There are probably two steps. One would be some motion that . . . Since Bill 211 comes up next, I certainly have no objection to extending the debate for a few minutes as a result of . . . Whatever you wish to do, Mr. Speaker.

MR. ACTING DEPUTY SPEAKER: We would have to suspend Standing Order No. 8 for a few moments to allow us to go on past the hour.

MR. NOTLEY: Mr. Speaker, the final comment I would make is that I intend to introduce a minority report as well, which will cover some of the areas touched on in the consulting report, as well as some others dealt with in

committee where my position was not accepted by the majority. But that's something I'm used to on occasion.

I would just draw my remarks to a close, Mr. Speaker, by saying that what the official opposition minority report does, and what I hope the report I intend to introduce will do, after four and a half years of the Heritage Savings Trust Fund, is challenge Albertans as we go into the future to take a look at what we should be doing with this, perhaps our most important instrument. I think that's appropriate. It seems to me that one of the very important things as we review the role of the Heritage Savings Trust Fund is that there must be some opportunity for the public generally to make representation to the heritage trust fund advisory committee or the heritage trust fund select committee, or perhaps even to the Legislature in total. What we have today, Mr. Speaker, is a resolution that at least raises the issue and should properly be addressed. There'll be opportunities through the session to do so, and I commend the Member for Olds-Didsbury for introducing the resolution today.

MR. PAYNE: Thank you, Mr. Speaker. I appreciate the opportunity that you and my colleagues have given me today to participate, to take a few minutes in this third hour. I must confess to a certain feeling of ambivalence or, perhaps more correctly, certain feelings of being pulled in two directions because of recent initiatives. I've read with dismay certain federal initiatives in recent days that in my view would relegate this province to second-class status. On the other hand, we have seen today some opposition initiatives that would move us in the direction of world class. I must confess I'm much more supportive of the latter intention than the former.

Initially I would like to emphasize, as other members of the select committee have today, my recognition of the sincerity of the intent of the opposition members of the select committee in bringing forward not only the report of their consultants, but also their minority report. I was pleased to hear the hon. Leader of the Opposition indicate that in my capacity as chairman of the select committee, I should not take the minority report personally. I would like to reassure him that I have not, nor do I intend to ask him to step outside.

I have read the consultants' report in the last day. As all members will appreciate, because of its comprehensive nature and complexity it certainly deserves a fuller examination on my part. But I think several concepts within that report certainly have merit. By the same token, I must confess that there are other concepts about which I have serious misgivings. Notwithstanding that, and speaking for myself, I certainly intend to give that report more study. It's my suspicion that other members of the committee on both sides of the House are so disposed as well. It goes without saying that members of the select committee welcome ideas, suggestions, or advice from any source that are of potential value to the committee in its deliberations and in the recommendations it sends forward to the Legislature.

It seems to me, Mr. Speaker, that over these past four or five years, in terms of its statutory provisions as well as its implementation, the heritage fund has demonstrated a certain flexibility and the capability to respond to changing circumstances. I believe it was the Member for Edmonton Mill Woods who earlier referred to Bill 29 that was brought forward in the spring of this year, in which two new investment divisions were created. I suggest that's a good illustration of this capability to respond to changing needs and circumstances. Those two new

divisions, of course, were the energy investment division and the commercial investment division. Time precludes my elaborating on those two new divisions, but suffice it to say that I personally regard them as a good illustration of the point.

There were, of course, three pre-existing divisions within the fund: the Alberta investment division, the Canada investment division, and the capital projects division. I might mention in passing that I take particular pride in the capital projects division. It comprises investments that I describe as quality-of-life investments. Because they are of that nature, they don't readily lend themselves to slide rule cost/benefit analysis. But who can debate, doubt, or question the inherent values of such quality-of-life investments as Fish Creek provincial park — which I live beside — the Capital City recreation park, the Alberta Reforestation Nursery, the Alberta Children's Provincial General Hospital, the Walter C. MacKenzie Health Science Centre, and so on. I don't think it's necessary today to introduce a catalogue of those quality-of-life investments, but as I renewed my acquaintance with them last night, they renewed within me a particular pride in that part of the fund.

Despite the reference I have made to flexibility and the capability of the fund to adjust and respond to changing circumstances, I feel it's important to make the point that some important principles have not changed, and as far as I'm concerned they should never change. These principles have been articulated from time to time over the past five years, with each debate on an issue or legislation amendment related to the original legislation. But I went back five years to the Premier's reply to the Budget Address of 1975, where he summarized for perhaps the first time what I regard as some important and perhaps unchanging principles. If I could, I would like to read just two sentences from that speech, now five years dated:

... this budget, Mr. Speaker, purposely raises a fundamental issue for Albertans. Are we prepared as a province to put aside substantial sums of current revenues from the sale of nonreplaceable crude oil production, put it aside for our children and for our grandchildren and not make it available for current revenue needs; to use it for that day in this province that could well come when the revenues from the sale of depleting resources are no longer ... significant, when some of the wells may have gone dry, when perhaps the discoveries of replacement reserves haven't worked out, and to diversify the economy of this province so we become less reliant upon the sale of oil to sustain our economy.

One can debate endlessly the details of such a fund, the parameters and the terms of reference, but the key is the basic concept of the fund.

I agree with that statement, Mr. Speaker, and emphasize once again that I regard it as a non-changing principle.

Now with my half dozen minutes gone, Mr. Speaker, I'd like to make a final comment on the qualities of the people involved in the process; first of all, the people with whom I am best acquainted, members of the select committee. Earlier in the hour, I made a little shopping list of their backgrounds. There's a former management consultant, a former landman with a multinational oil company, a lawyer, a housewife and community leader, two former aldermen, several farmers, and — horror of all horrors — even a former journalist.

Today and earlier, as I reflected on the capabilities and backgrounds of the members of the committee, I'd be the first to admit that most of the members — certainly

myself included — do not have the academic qualifications needed to examine and weigh the technical implications of that legislation. Of course that inadequacy is compensated in other ways that I'll refer to in a moment. But my feelings about that committee are not unlike my feelings about the jury system; that is, when that committee deliberates in these chambers and listens to testimony of various cabinet ministers and then meets to develop recommendations and to debate them, it seems to me a collective common sense is brought to bear that I regard as a very valuable component of that process. Now those are elected officials. Of course there are other elected officials in the process: the members of the investment committee. It seems to me that that group, members of Executive Council, also bring to bear a very valuable collective common sense.

[Mr. Speaker in the Chair]

In addition to these judgments rendered by two different groups of elected officials, we have appointed officials, members of the Treasury investment committee and the investment management committee. Today I obtained from Treasury some brief summaries, without names, of the academic qualifications of the members of those two important committees. Although I'm not well equipped to evaluate them, I submit that those academic and experience qualifications appear to me to be very impressive. On several occasions today reference has been made to consultants retained by the opposition, consultants retained earlier by the select committee and whose report will be the subject of ongoing examination following the fall sittings, and consultants announced by the Provincial Treasurer on October 24. Once again, I've read the credentials of the companies Morgan, Grenfell of London and Montreal Investment Management Incorporated of Montreal. As I reflect on what I call the common-sense qualifications of the select committee, the investment committee, our Treasury officials, our consultants, and a wide range of others who periodically have an opportunity to give of their experience and judgment to the process, it seems to me that Alberta is well served.

Finally, the Leader of the Opposition made the very valid comment today that the concept of the heritage fund has been well received by Albertans. I concur with the judgment made by the Leader of the Opposition, Mr. Speaker, and I am equally confident that over the years ahead Albertans will continue to support that concept and its implementation.

Thank you.

MR. KING: Mr. Speaker, I beg leave to adjourn the debate.

MR. SPEAKER: Does the Assembly agree with the motion by the hon. minister?

HON. MEMBERS: Agreed.

head: **PUBLIC BILLS AND ORDERS
OTHER THAN
GOVERNMENT BILLS AND ORDERS**
(Second Reading)

Bill 211

**The Temporary Rent Regulation
Measures Act, 1980**

MR. NOTLEY: Thank you very much, Mr. Speaker. I move second reading of Bill 211, The Temporary Rent Regulation Measures Act, 1980.

Mr. Speaker, last spring during the course of debate on a resolution I submitted to the Assembly on the question of rent regulations, we had a good deal of discussion by members of the House. I want to deal with some of the issues that in my view are important both as a consequence of that debate and subsequent to it.

When one talks about the need for a Temporary Rent Regulation Measures Act, first of all one has to look at the question of vacancy rates. Last spring we were assured by various hon. members that we were turning around the corner, and the initiatives announced by the government were going to dramatically alleviate the low vacancy rates in the province. Well, Mr. Speaker, when one looks at the most recent figures one can obtain, we find that isn't quite correct. For example, the low vacancy rates of a year ago are getting lower. In the Alberta Housing and Public Works annual comparison, August to August, of nine cities surveyed, six have seen the vacancy rate drop. Of the remaining three, Grande Prairie rose to 13 per cent — but that's still awfully low — Lloydminster held steady at 0.2 per cent, and St. Albert rose to 19 per cent. In the case of Camrose, there was a reduction from 10.7 to 4.3; Drumheller, 21 per cent down to 2.5; Medicine Hat, 9.4 down to 3 per cent. Mr. Speaker, the CMHC figures for Edmonton and Calgary, our two major cities, for October — part of the ongoing semi-annual assessment, October and April — are not yet released, but the preliminary information we've been able to receive from Central Mortgage and Housing shows that there is a definite drop in the vacancy rate in both Edmonton and Calgary. So rather than an improvement in the vacancy rate, we find that just the opposite is the case.

I don't think anyone in this House would argue that there's much point in having rent regulation if there is an adequate vacancy rate. The question of whether we have rent regulation is directly related to the vacancy rate. If there's a substantial vacancy rate — 5, 7, 10 per cent — then the market place will look after itself. But where we get vacancy rates which are so low that tenants simply don't have any power in the market place, then we have to ask ourselves: is there a role for government, and is there a role for some form of rent regulation? In those situations, most other jurisdictions in this country have said yes, Mr. Speaker.

Last spring the government announced new programs. Leaving aside the fact that with three exceptions they were aimed at the construction of new units as opposed to holding the line on rents, the question is: have they worked? Well, CMHC figures in both apartment construction and total residential construction starts available up to and including August 1980 show that at best they are having a minimal effect. In all categories, as of August, we are still behind the figures set even during the rather poor construction year of 1979. For example, Mr. Speaker, urban Alberta construction starts for apart-

ments: January to August, 1979, 6,909; January to August, 1980, 3,811. In other words, we're significantly below the numbers last year. Urban construction for all residential buildings — and of course there has been a substantial construction rate for high-income homes, but these are not the homes the working poor are able to buy. From January to August, '79, we had 20,376; from January to August, 1980, 15,335 — again, substantially down. It's important to note that where we are down significantly is in the construction of apartments, the very type of accommodation our lower-income Albertans by and large have to live in.

There is a small indication, based on July and August figures, that we may be pulling back; in other words, there's been a bit of an increase in construction, but at best we might get back to the 1979 level of construction starts. While this is a hopeful sign, certainly not a turnaround, it's a long way from being adequate to ease the vacancy rate. That's a crucial question. Are we going to be able to ease the vacancy rate sufficiently that people do not need the protection of some form of rent regulation?

Mr. Speaker, the issue is particularly important for low income Albertans. We've heard various members in this Assembly speak passionately about the federal budget and the impact of the federal budget on the oil industry, the impact on provincial relations with the government of Canada: all sorts of relationships. But I think one of the crudest aspects of the federal budget — I attempted to mention it — was the impact on lower-income Canadians. It's really a very regressive budget. It seems to me that not enough members really dwelt on that important issue in that discussion. There is little doubt that the federal budget is going to have an especially cruel impact on lower-income Canadians.

The Canadian Council on Social Development recently released their statement on the federal budget. They argue that the average Canadian family can expect to pay \$500 more next year, and greater amounts in subsequent years, for transportation, home heating, and other tax increases announced in the budget. For families living at the income equivalent to the minimum wage, this amounts to an 8 per cent reduction of their gross income. Why is that relevant, Mr. Speaker? If we have a tight vacancy rate, if we see action by Ottawa which is reducing the gross income of our working Canadians, but people who are working at the minimum wage level or just slightly above it, these are the people who have least power in the market place. These are the people, if any, who need some kind of protection in the form of rent regulation. They wouldn't need that protection if there were a 10 or 15 per cent vacancy rate, but that is not the situation in urban Alberta in 1980. Nor is it likely to be the situation in the immediate future.

What do we do? Do we hope for other programs, and that everything will work itself out? We've had that route recommended before, Mr. Speaker, and the inevitable result is that despite substantial housing initiatives undertaken by this government and others over the last few years, the rate of growth in Alberta is sufficient that we have enormous pressures on the housing industry and on the ability of low- and middle-income people to obtain adequate shelter.

I received a number of letters from people throughout the province. I won't take the time of the Assembly to quote extensively from these letters, except to say that whether it's Calgary, Edmonton, or some of the smaller centres, the letters uniformly make the point that there

have been substantial rent increases, that renters feel they don't have any bargaining power in the market place and uniformly request some kind of action to protect their interests.

Mr. Speaker, last spring, in a very interesting if not informative response, the hon. Minister of Consumer and Corporate Affairs raised statements from certain Swedish authorities. I believe he even mentioned Gunnar Myrdal, one of the great Swedish economists. The point being that in Sweden they don't have rent controls. I was very interested in the observations of the hon. Minister of Consumer and Corporate Affairs. I'm always interested in listening to the views of cabinet ministers; I'm a very open-minded person. I took the time to follow up these observations, because I couldn't quite imagine Gunnar Myrdal not being in favor of some kind of protection for tenants, especially in Sweden. In checking with the Swedish embassy, we discovered certain things the hon. minister neglected to mention. It may have just slipped his mind. It's fair to say that they don't have rent controls in Sweden. That's true. But they have something else in Sweden that I think would upset some of the members of this government a good deal more. They have a nationwide union of tenants, Mr. Speaker, that is certified and represents every tenant in Sweden, and it sits down and negotiates what the rental rates would be. So while they don't have rent controls, I'm not entirely sure hon. members of this Assembly would be eager to embrace Gunnar Myrdal's alternative to rent controls. If they are, I'm sure Harry Kostiuik, the president of the Alberta Federation of Labour, would be delighted to see this government move in the area of encouraging a duly certified union of renters that would be able to bargain on the rents, apartment house by apartment house.

The other point is that there is a good deal more social housing in Sweden than we have in any of the provinces in Canada, and that also makes the situation rather different. One further point is that Sweden's population has been approximately the same for a number of years, and they don't have the enormous pressures of growth we have, especially in this province.

Mr. Speaker, no one is suggesting that you need to bring in rent controls in many of the communities in this province. I don't think that in some of the smaller centres where you've got a substantial vacancy rate, you need to have rent regulation. We're not talking about that. We're talking about a form of flexible approach where, when the pressures build up, we have at least some kind of protection for the tenants.

I will draw my remarks to a close, because I certainly would welcome comments by other hon. members of the Assembly on this issue. With the balance of half an hour, I'm sure a number of members will be able to enter the debate. I would conclude, Mr. Speaker, by saying to you and to members of the Assembly that in the absence of programs which are effectively reducing the vacancy rate, this Legislature must act. We've had all sorts of examples — New York and other parts of the world — where rent controls haven't worked. All right. The rent regulation act that was passed by this Legislature in 1975 isn't the rent control system of New York. The rent regulation act that was passed in 1975 allows all sorts of latitude to pass through increases where legitimate increases take place. Just because we talk about rent controls, we're not dealing with apples and apples here at all; we're dealing with a totally different situation in New York.

One has to look at what we're dealing with in this piece of legislation before we start contrasting with other parts

of the world. Certainly there have been problems with the particular mechanism that has been used in New York. But there are other jurisdictions where rent regulation has worked quite adequately. Rent control in some form is not a perfect answer. I suppose Mr. Stanfield put it rather well when he talked about wage controls in the light of being "rough justice". I think rent controls in many respects are very rough justice, but at least they provide some kind of equity when you don't have reasonable vacancy rates, some kind of protection to the tenant. I just don't see at the present time, in November 1980, any serious protection for the tenants of this province. I see government programs which in most cases have been in place for a number of years and that didn't solve the supply problem. I saw government programs announced last spring, but they are still a long way from even beginning to grapple with the supply problem. I see low vacancy rates, lower vacancy rates in most of the communities and even in the three communities where there is an improvement in the vacancy rate — if you look at Grande Prairie, 13 per cent isn't much of an improvement. That's no protection for the tenants. If one is in any doubt, just ask the tenants in Grande Prairie now what they think about, in some cases, the usurious rents being charged in that community.

So I say to the members: go back to take a close look at the legislation this government presented in 1975. As part of the anti-inflation program that year, the federal government made it clear that there had to be some form of rent control. This government responded in November 1975 by introducing The Temporary Rent Regulation Measures Act.

In Bill 211 I'm just continuing the basic thrust, the basic principle, with a recognition that provisions galore are passed through here; where legitimate cost increases occur they can be passed through. But at least it is something to give some protection to tenants at a time when the vacancy rate is so low that to turn our faces and say, no, there's no problem, is really unconscionable.

MRS. FYFE: Mr. Speaker, in order to discuss rent control, it is necessary to understand the housing market. The principles of supply and demand are generally accepted as the variables in any competitive market, and a reduction of housing stock can happen for a variety of reasons. Low housing construction, increased costs of service, increased construction costs, high interest rates, and inflation are factors that may result in a shortage of rental accommodation. Often this affects the low- and moderate-income families to the greatest extent.

With rent controls, investment moneys are usually directed into areas that will provide profits, such as commercial investments that may, as we have seen in the light of the budget of last week or the week before, be invested in stocks outside the country and areas where there is going to be some guarantee of income. In other words, there is no incentive to invest in housing. How are we going to provide adequate housing stock unless there is an incentive? In addition, as has been stated previously in debate, there is no longer an incentive to maintain as rental units properties that are in existence. I appreciate that some rent control legislation has tried to incorporate clauses that ensure maintenance is maintained, but I suggest we cannot legislate people; and we take away the incentive to really improve. There may be minimal maintenance, but not to really improve those properties and make them something worth while. Certainly a good deal of factors take away that essential incentive in the market

place.

What does a rental housing shortage do? If there are not enough housing units for people in the lower income brackets, what are they faced with? When the supply is short, the result usually means increased price. So people in the lower-income brackets are faced not only with a very limited number of available units, but also with increased price. If we take away the incentive for the builder and put on controls, we have a catch-22 situation where you control the price — no new houses. How do we resolve the housing question? It's something I don't believe rent controls have answered at any time in the past.

There has been a long history of rent controls. From my understanding, they primarily came into effect in the United States after World War I. There may have been programs elsewhere before, but to my knowledge that was where the major program came in. Over this 60-year period, judgments through the courts in the United States have continued to hold that rent controls can take effect only in situations where there is a housing emergency, a shortage of housing units that is usually equated with an emergent situation. Therefore rent controls have been justified on the grounds that an emergency housing situation exists.

While rent controls may have short-term benefit, long-term controls quickly become a major cause of the disease. It seems that the Bill before us provides a naive solution to a very complex problem.

When we talk about authors of reports, I would like to quote the authors of *The Real Poverty Report* in 1971, quoted in *Rent Control, A Popular Paradox*, published by the Fraser Institute: The problem is not that there are not enough decent houses to go around; the problem is that low-income families do not have enough money either to rent or to buy. The Canadian social research and educational organization, the Fraser Institute, says that policies that are enacted to deal with these concerns should therefore be directed at the basic income problem. So perhaps the problem with rent controls is that it doesn't deal with the problem; it simply deals with one of the symptoms, which compounds the problem and disease and makes the situation worse.

Mr. Speaker, the policies of this government have been aggressive policies that have endeavored to increase affordable units that will give a decent standard of living to those affected by a shortage: the elderly and the low- and moderate-income families. We are very concerned about individuals affected by a situation where rent has been increased, and no doubt there are always going to be individuals in that situation.

But legislation is not going to resolve every single situation, and we have to be concerned about it. We have to be concerned about a situation where the market will protect these people, where there is adequate housing available. This government has demonstrated a very deep concern for the best possible housing for all Albertans, not by policies that would curtail housing but by a positive, comprehensive program that would build a significantly large housing stock and provide, at the same time, economic activity and employment within this province.

The hon. member who brought forward this Bill talked about vacancy rates. As the member mentioned, I suppose the federal budget will certainly have one enormous effect on vacancy rates. But it's a rather drastic step to curtail the economy in order to increase the vacancy rate. So what I am saying is that you increase one step, you put in a new policy, and you have to ensure that that

policy will have a beneficial or a positive effect.

The member also mentioned that initiatives brought in during this past year have not increased the vacancy rate. Well I suggest that these significant announcements came at the end of March and in April, and now in November we have a report that obviously was started some months ago. It's very difficult to have that program in effect administered, and the results or the positive benefits in effect. It's a ridiculous comment to suggest that we would even dream of having results within three or four months of the announcement of the policies.

I would like to mention one other comment related to the comments the member made on housing in Sweden. Having had two opportunities to meet with people from Sweden, and living in Sweden — once was on our tour to Stockholm last February with the workers' compensation select committee — I was very interested in the housing and asked some of the people I was talking to about the types of housing they had and the cost of housing units.

One girl I chose — who was a typical example, not an exception — lived in an apartment somewhere near the centre of downtown Stockholm and was paying over \$1,000 a month for what we would consider a relatively small flat. For a single person without an independent income, I considered that an extremely high rent to pay. In addition, a few weeks ago there was a delegation from Sweden, and having a chance to sit beside one gentleman at the dinner, I asked him about taxation and housing. He told me that his personal taxes were over 80 per cent. So if we say that in Alberta we don't have as much social housing as in Sweden, I guess maybe there's a good reason we don't.

I would like to refer to what I consider the aggressive approaches this government has taken, Mr. Speaker. I think it's worth reviewing some of the approaches that have not taken effect as far as the statistics go but, from what we understand, have been very widely accepted in Alberta. The first one, announced in a program late last winter, was a 10-point program to encourage various aspects of housing. Mr. Speaker, the first one was the Alberta home purchase program, which increased the subsidy level for families that would qualify. Under this program, as we're all aware, families in the low and middle incomes are encouraged to purchase their own homes. Once they have a purchase, they obviously have the benefit of equity, and in inflationary times that has tremendous value to that family. Being a free enterprise province that has developed in a free enterprise spirit, many Albertans prefer to own their own homes. This is one program that is unparalleled. It provides for families earning at the lower end of the income scale but at the upper end of the subsidy scale. Families earning under \$12,000 can qualify for subsidies up to \$270 a month. In addition, if it's a new family purchasing their first home, they can qualify for a \$20 a month subsidy for the first 30 months. I think this is an extremely significant program to assist families that might have been in what I termed the catch-22 situation of not being able to afford rental accommodations, and being frustrated by not having their own homes. This way, they have a chance to purchase a home that belongs to them.

A second program announced was the revision of the core housing incentive program. This is to encourage more rental units at affordable rates. The number of construction units developed was 4,500 rental units. This provides rental units at a substantially decreased interest rate, substantially below the market value. This has provided rental units across Alberta, not just in the major

urban areas but in communities across this province. Those two programs were announced on March 14.

On April 30 the Alberta municipal housing incentive program was announced. This was a program to encourage municipalities to improve the subdivision approval process, to streamline it and get subdivisions ready for development as quickly as possible; and provided an unconditional grant to municipalities depending on a baseline of the number of houses developed or built over the last three years. Secondly, a program of financial aid to the municipal non-profit housing corporations — loans from the Alberta Home Mortgage Corporation to finance up to 250 more rental units in both Edmonton and Calgary. A third program was the Alberta home conversion program, which guaranteed loans up to \$10,000 per unit at subsidized interest rates to convert part or all of a home to suites that would increase rental accommodation, primarily within the two urban areas. Mr. Speaker, a fourth program was capital grants to non-profit groups who sponsor senior housing.

In addition to these, there were enrichments to the Alberta assured income plan and the assured income for the severely handicapped. These programs, announced by the ministers of Social Services and Community Health and Municipal Affairs, were to increase a program of senior citizen rental assistance from \$500 to \$1,000 per year. I can assure you that I've had comments from seniors in my constituency who were extremely pleased with this increase, which in many cases will cover more than a quarter or a third of the year's rent, and takes a tremendous financial pressure away from these seniors. In addition, on April 30 the Alberta Provincial Treasurer announced an Alberta rental investment incentive program that would provide a credit of 5 per cent of the amount invested in qualifying multiple-family units. This is not a tax deferral but a credit program.

Mr. Speaker, I think this total range of programs will go a long way to assist the renter and the young and new home-owners in this province. No one answer is going to resolve any of our housing problems. We know we have had a very dynamic economy in Alberta — and I use the word "had" guardedly, because we hope it will continue. We know rent controls in the past have not been successful, and that economists throughout the world generally agree that rent controls are a negative measure in the long term. Therefore, I urge members of the Assembly not to support this Bill.

MR. MANDEVILLE: Mr. Speaker, in making a few remarks on Bill 211, I appreciate that we did have a resolution before the Legislative Assembly last May. We discussed a lot of the points brought up here again today. I don't intend to repeat some of the remarks I made during that resolution. At that point I couldn't agree with the resolution that we needed rent controls. However, I have the same opinion at this point in time on Bill 211.

I can recall when rent controls came in in 1975. We in the official opposition supported rent controls, because we had the controls that we had to blend in with regulations we had in Canada at that time. Mr. Speaker, I'm not saying the rent controls didn't help control our rents to some degree at the time we brought them in. I was pleased when we brought in a rent decontrol Act to phase out our rent controls in the province. I think it did — an organized method of abandoning the rent controls. As the Member for St. Albert indicated, rent controls disrupt our free market. It's hard to keep our contractors and developers building our apartments and rental accommo-

dations which we need very badly in this province. I see that our apartments are down by 45 per cent from the first quarter of 1979 to the first quarter of 1980. Mr. Speaker, that is a dramatic drop. The starts in Alberta, from the first quarter of 1979 to the first quarter of 1980, have dropped from 3,640 to 1,940, which is a disaster as far as the drop in our rental housing in this province is concerned.

We took a survey to indicate what would happen after rent controls came off. That survey was made out of our office by some of our researchers. We surveyed 100 renters, 50 in Edmonton and 50 in Calgary, and asked them if they'd had an increase in their rents since the decontrols. Eighty-five per cent with past increases had an increase of \$30 or less. Eighty-five per cent of future increases were expected to be 52 per cent or less. Mr. Speaker, I don't think that indicates our rents have gotten that far out of line since rent controls were lifted.

There was also a survey put out by the Department of Housing and Public Works, and it indicates the figures on apartment vacancy and rental cost in Alberta. I think it's very well documented. It tells us of the different problems we have; for example, our distribution problem, the difference we have on rents in different parts of the province, in cities and towns, and so on. For example, they had a low rent of \$127 per month for a bachelor in Wetaskiwin. The high bachelor apartment rent was \$283 in Red Deer. That indicates to me that it's a matter of distribution of our accommodations, and I only use that for an example. That's in the cities. In the towns a bachelor rental for one month would be \$75, and in Fort McMurray it was \$396. So we have a tremendous difference as far as our rental accommodation pricing in this province.

Also, there's a table here that indicates the vacancy rate, 1979 versus 1980. We've got to agree that the vacancy rate is getting lower, because we don't have the housing construction or housing starts in Alberta that we should have. In 1979 the vacancy rate in the cities was 8.2 per cent; in 1980 it's 5.7 per cent. In the towns it was 9.4 per cent in 1979, and it's 4.4 per cent in 1980. Mr. Speaker, the total vacancy rate in 1979 was 8.8 per cent, and in 1980 it's 5.1 per cent. I have to agree that our vacancy rate is getting down to where it could be a dangerous situation.

This report also indicates just where we need these starts. It's going to be very useful for our contractors and developers — where there are vacancy rates and where they are serious. For example, in a fourplex the vacancy rate in the cities is 3.6 and in the towns 4.2, giving a total of 3.9. That indicates to me that we need more rental accommodations that are not like our high-rise apartments, our townhouses, and so on. In this particular report, as far as high-rises are concerned, in the cities the vacancy rate is 12.9 and in the towns the vacancy rate is 43.8 per cent, with an average of 13.5 per cent.

So I think this document is very useful for our contractors and developers, to see which type of housing is needed in the province and what areas the housing is needed in. I certainly think one of the areas we need to take a good look at is increasing our supply, and I agree that the 10-point system the provincial government came out with in the spring was certainly a step in the right direction. Also we had some incentives in the federal budget — I might say about the only incentives we had in the federal budget that were really acceptable to people of this province.

One of the problems we face is the red tape our

developers and contractors have to go through, especially when they're assembling land. It takes so long to get our subdivisions through, and the high interest rates certainly add a lot to the cost of rental housing accommodations in this province. Our land is escalating at a very rapid pace. I think one of the other programs that's really helping — especially in our towns, villages, and some of our newer areas — is the front-end servicing the province provides so they can develop this land. Our towns can get these front-end servicing funds, assemble this land, and let our contractors develop it without taking too long to tie up their money as far as developing the land is concerned.

I don't think Albertans need rent controls. We need more programs. We need to aid the free market more so we can get more rental accommodation in the province. I can recall when we had the rent controls in my own constituency — and I know many members will realize that when the rent controls were in, some of our landlords had rents down. They weren't gouging the renters. They kept rents in line before the controls went on. When the controls came on, they weren't able to get a reasona-

ble price for their rentals. That was certainly a hardship for many people who got in touch with me. Now that we have taken the rent controls off, I don't see any drastic increases for rents in general. It equalized a lot of the rents that were too low at the time they were taken off. Therefore I can't support this Bill, Mr. Speaker.

[Motion lost]

MR. KING: Mr. Speaker, the business of the House tomorrow morning. It is our intention to call Committee of Supply, in which we will consider the estimates of the Heritage Savings Trust Fund with respect to Agriculture, Economic Development, Environment, Education, Advanced Education and Manpower, Energy and Natural Resources, Executive Council, Hospitals and Medical Care, Recreation and Parks, and Transportation.

[At 5:27 p.m., on motion, the House adjourned to Friday at 10 a.m.]

