

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Wednesday, May 9, 1984 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: INTRODUCTION OF VISITORS

MR. YOUNG: Mr. Speaker, it's my pleasure this afternoon to have the opportunity to introduce to you and to members of the Assembly the Minister of Labour from the province of Saskatchewan, the Hon. Lome McLaren, and his executive assistant, Mr. Dick Richards. I ask that they stand and receive the welcome of the House.

head: INTRODUCTION OF BILLS

Bill Pr. 13 Grand Centre Expropriation Act

MR. COOK: Mr. Speaker, I beg leave to introduce Bill Pr. 13, the Grand Centre Expropriation Act.

[Leave granted; Bill Pr. 13 read a first time]

head: TABLING RETURNS AND REPORTS

MR. HORSMAN: Mr. Speaker, I'm pleased to file with the Assembly the three communiqués which were issued by the western premiers' conference yesterday, following the conclusion of a two-day meeting held in Kelowna, British Columbia: Communiqué No. 1, International Trade — New Directions; Communiqué 2, dealing with transportation; Communiqué No. 3, dealing with economic growth and development; and in addition, copies of the delegations from each of the provinces represented at the conference recently and successfully concluded in British Columbia. Copies will be made available for each member of the Assembly.

MR. CHAMBERS: I wish to file the Alberta Association of Architects annual report for 1983.

head: INTRODUCTION OF SPECIAL GUESTS

MR. PAPROSKI: Mr. Speaker, it gives me a great deal of pleasure to introduce to you, and through you to members of this Assembly, 20 young adults who are attending one of the greatest postsecondary institutions in Alberta, the Northern Alberta Institute of Technology, in Edmonton Kingsway. They are enrolled in a pre-technology program. They're situated in the members gallery, and with them are instructors Mr. Atwal, Mr. Mayan, and Mr. McFarlane. I ask them to please rise and receive the warm welcome of this Assembly.

DR. BUCK: Mr. Speaker, it's my pleasure and privilege this afternoon to introduce to you, and through you to members of the Assembly, 44 grade 6 students from the Rudolph Hennig elementary school in Fort Saskatchewan. They are accompanied by teachers Mrs. Alexandruk and Mr. Lopka and by parents Mrs. Valentin, Mrs. Music, Mrs. Scott, Mrs. Kanak, and Mrs. Mills. I'd like them to rise and receive the recognition of the Legislature.

MR. STILES: Mr. Speaker, I'd like to introduce to you, and through you to members of the Assembly, two gentlemen from the town of Olds in the constituency of Olds-Didsbury, Ron and Orville McGregor. They are involved in the oil field service industry in our constituency and are visiting the Assembly today. I'd like them to rise and receive the welcome of the Assembly.

MR. HYNDMAN: Mr. Speaker, it's my pleasure today to introduce to you and to members of the Assembly 22 young students who are here from Laurier Heights school in the Edmonton Glenora constituency. They are accompanied by their teacher Claire Desrochers. They are in the members gallery, and I ask at this time that they stand and receive the warm welcome of the Legislature.

head: ORAL QUESTION PERIOD

Grain Transportation

MR. NOTLEY: Mr. Speaker, I'd like to direct the first question to the hon. Premier. It flows from the communiqués that were tabled today by the Minister of Federal and Intergovernmental Affairs. Could the Premier tell the House what specific follow-up action the government is planning with respect to pressing the federal government on the views contained in the transportation communiqué, that a downward revision of the railway rate structure is needed, given reduced railway cost estimates? More specifically, is it the government's intention to request an updated, 1984 version of the 1973 WEOC?

MR. LOUGHEED: With regard to the final portion of the question from the hon. Leader of the Opposition, Mr. Speaker, that is something that we have been considering for some time and assessing in terms of what would be the most appropriate time, having regard to political developments in Canada, to make that proposal specifically through the western provinces.

With regard to the other matter, raised in the earlier part of the hon. leader's question, it is the intention of the government to follow up on that particular approach in a number of ways. I might say in passing that had the presentation made by the government of Alberta and the payment procedure been followed, the concerns we have today would not have arisen in nearly the same way. But it's obvious to us that this is a very important matter, particularly with the recent increase in elevator tariffs and recent increases proposed with regard to grain freight rates. So it's our intention, first of all through the chairman of the western premiers, to communicate the information to the Prime Minister. It's also our intention to circulate as extensively as we can and to communicate as extensively as we can the views in that particular portion of Communiqué No. 2, as well as the other two communiqués. Then we will be further developing some strategies involving other provinces, relative to the issue raised by the Leader of the Opposition in his question.

MR. NOTLEY: Mr. Speaker, a supplementary question to the Premier. Has the government commissioned any review of what possibilities might exist for stricter rail performance guarantees within the new rate structure? If so, will it be communicating such a proposal to the federal government?

MR. LOUGHEED: Mr. Speaker, one of the issues there is also the question of the payment procedure and the payment to the producers. But in addition to that, there is the assessment. We've asked for further information as to the position with regard to the railroads' commitments.

The position we take is quite clearly on the general — and it's supported in this communiqué. That is to the effect that the proposed increases in freight rates should be postponed or held in abeyance until such time as it is clear that the railroads' commitments are being fully met. That of course comes back to the position we took during the course of the debate on federal Bill C-155 which, in our view, made it much more mandatory to assure that the railways met their commitments from a legislative point of view. We'll continue to press that position.

MR. NOTLEY: Mr. Speaker, a supplementary question to the Premier. What discussion took place on the application of the federal Crow benefit package being extended to include BCR, and did any specific discussion take place with respect to rail links to move northern Alberta and northeastern British Columbia grain more efficiently?

MR. LOUGHEED: Mr. Speaker, not directly through the premiers, although channels of communication did develop. There is an ongoing commitment in four areas by the western premiers, transportation being one of them, that item being a part of the agenda by way of the follow-up action. Since returning to the capital, I've noted the answer given by the Minister of Economic Development on the question raised by the Leader of the Opposition.

MR. NOTLEY: A supplementary question to the Premier, Mr. Speaker. Has any determination been made as to whether or not the reduced expenditure is simply as a consequence of lower estimates? What appraisal has been made of the accuracy of those estimates in the first place, before the Crow rate was removed? Or is there any concern at all that the lower capital estimate of the railways will be at the expense of certain projects — in the case of Alberta, the modernization of the CP marshaling yard in Calgary or the new intermodal terminals in Edmonton and Calgary.

MR. LOUGHEED: Mr. Speaker, the question seems to be phrased in a way — I'm sure it's not the intention of the Leader of the Opposition — as though the provincial government supported the ultimate legislation as it evolved. That was not so, except in certain elements of it.

Our position with regard to the matter of this whole area is to continue to seek out information from the railways and from the federal government. We are of the view that some portion of the adjustment in the cost estimates deals with the issue of inflation, but we're not yet satisfied that it is all in that area. In other words, from our internal assessment, the difference that has been stated between \$16.5 billion and approximately \$12 billion is partially due to questions of inflation projections, but not entirely. As yet we don't have the material the Leader of the Opposition has raised as to specific projects, although we've requested that information. We're attempting to receive

that information from both the federal government and the railways.

MR. NOTLEY: Mr. Speaker, a supplementary question to the Premier. What is the process by which the government of Alberta and the other western provinces are in fact making that evaluation? Was there any discussion as to what option might be considered by the four western provinces should that information indicate that the railways misled the Parliament of Canada, in terms of capital estimates, before the Crow rate was removed and the new package put in its place?

MR. LOUGHEED: Mr. Speaker, I'm sure the hon. leader would not want to jump to conclusions. For our part, we are concerned about the wide disparity between the estimate and the current forecast costs. The follow-up arrangements we've made are for the ministers responsible, co-ordinated by the ministers of federal and intergovernmental affairs, to meet relatively quickly on the issue of transportation, on this communiqué, as a specific item of follow-up from the western premiers' conference.

As I mentioned in the earlier answer, one of the elements involved will clearly be to ascertain the background of the calculation, what projects were included, and the nature of the inflation projections for the \$16.5 billion over the period of time that was involved — approximately the next decade — which in our view led to the suggestions or proposals by the federal government as to the increase in freight rates. At the very time, we were suggesting that there needed to be both a safety net as well as better ability to pay provisions within Bill C-155.

So the follow-up will flow through the ministers of federal and intergovernmental affairs to the ministers responsible, by way of the transportation element arising out of the western premiers' conference.

MR. NOTLEY: Mr. Speaker, a supplementary question to either the Premier or the Minister of Federal and Intergovernmental Affairs. My question is not the intent of the western premiers but the mechanism by which that assessment will be made. Will it be the intention of the government of Alberta, in conjunction with the other three western provinces, to commission some independent evaluation of the difference between the estimates of the railroads and the new, revised, lower estimates? Will there be a concerted western action on that matter? I raise that because we've had a number of studies on railway operating costs over the years. I'd like to know what handle the governments, plural, have on ascertaining these rather significant differences in capital estimates.

MR. LOUGHEED: Mr. Speaker, the answer to that question obviously will involve two stages. We will be requesting that specific information and those explanations from the federal government and the railroads. We will then assess that information to determine whether or not we think it's complete. If it is complete, we will of course report to the Legislature and the public our collective assessment of it. If we believe it is incomplete, at that stage we will obviously be considering whether or not independent evaluation and appraisals are required.

MR. HYLAND: Mr. Speaker, a supplementary question on the communiqué. In the first question, the Premier listed a number of issues related to the transportation of grain that were discussed at the conference. I am wondering if the issue of the 31 million tonnes cap on the movement of grain, which is an

important issue in the increase in crop production, was discussed and what action was taken with respect to it.

MR. LOUGHEED: Mr. Speaker, I'm aware that in the process the hon. member has not had the opportunity to peruse the exact communiqué. If I may be permitted therefore to note the paragraph on page I of the transportation communiqué:

The premiers expressed concern that the rate structure for grain shipments penalizes increased production of this key export commodity. They strongly urged the federal government to remove the artificial marketing cap of 31.5 million metric tonnes.

The position taken in the communiqué by the premiers therefore accords directly with the submissions of this government made by our Minister of Agriculture to the standing committee of the federal House on that particular matter.

MR. SZWENDER: A supplementary question, Mr. Speaker. Could the Premier indicate if any discussions with respect to the restoration of passenger rail service in western Canada took place at the conference?

MR. LOUGHEED: Mr. Speaker, the same situation probably applies again here — the reference to that matter. There was discussion, as the hon. member raised, on that point; it's on page 3 of the communiqué.

The discussion really was raised by me. I had hoped for a positive response from the other three premiers, that the VIA Rail passenger service through Vancouver, Jasper, Edmonton, Saskatoon, and Winnipeg should be supported and restored. That was agreed to by the other three provincial governments, and quite positively. In the process of the discussion we raised the argument, which we felt was valid, that in improving our communication with the Pacific Rim, and particularly with Japan, in a multitude of ways it's in our interest to encourage visitors to come here from the Pacific Rim — not that they're the only users or possible potential market for us in terms of VIA Rail, but they're a very important one. We also know how important it is to the communities involved.

MRS. CRIPPS: A supplementary, Mr. Speaker. To what extent was energy discussed and, if there was consensus, why doesn't the communiqué deal with it?

MR. LOUGHEED: Mr. Speaker, there was no consensus on that item. It was discussed. But the Premier of Manitoba supports the position of his party, the party involved in the Official Opposition of this House, in supporting the national energy program.

SOME HON. MEMBERS: Shame.

MR. LOUGHEED: We were unable to get any phrase in any statement that was worth anything in the communiqué on energy. That's why there's an absence of reference to it.

MR. NOTLEY: I noticed you missed on medicare too, Peter, [interjections] I did notice the failure to mention health care.

Hazardous Waste Disposal

MR. NOTLEY: Mr. Speaker, I'd like to direct the second question to the hon. Minister of the Environment, who just put out a news release today — I always read with interest his news releases — indicating that the Alberta Special Waste Management Corporation has been authorized to continue negotiations with Chem-Security Ltd. Last year the minister indicated that negotiations were being suspended pending a report

by the Attorney General's office into the parent company, Waste Management. Could the minister advise the Assembly whether the government has any information with respect to the ownership of Chem-Security?

MR. BRADLEY: Mr. Speaker, we've looked at this matter very carefully. From our investigations, we found no evidence that Chem-Security itself has in any way violated any regulatory requirements. What has come forward in terms of Chem-Security is they put to us a proposal to restructure their corporation, looking toward majority Canadian ownership, which would therefore reduce the ownership of the parent of Chem-Security, an American company.

MR. NOTLEY: Mr. Speaker, a supplementary question for the record. At this stage, Chem-Security is still a subsidiary of Waste Management.

MR. BRADLEY: Yes, Mr. Speaker.

MR. NOTLEY: A supplementary question. Could the minister give the House an indication as to what time frame was given Chem-Security to achieve majority Canadian ownership and, secondly, to what extent involvement by Waste Management would continue in a new, restructured company?

MR. BRADLEY: Mr. Speaker, they have undertaken to become a majority Canadian ownership in the next very short while. That will be coming forward when they have made the final arrangements with the Canadian partners.

MR. NOTLEY: A supplementary question, again for clarification. The minister indicated that the new, restructured company will have Canadian ownership as a majority factor; however, will it still have significant economic presence by Waste Management Inc. within its structure?

MR. BRADLEY: Mr. Speaker, what we've accepted is that the corporation will become a majority Canadian-owned.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. That wasn't the question I asked. Will there still be significant economic presence by Waste Management Inc. in the new, restructured company?

MR. BRADLEY: Mr. Speaker, I can only reiterate that majority Canadian ownership means that more than 50 percent of the corporation will be owned by Canadians.

MR. NOTLEY: Mr. Speaker, a supplementary question. I'm aware of that, the minister is aware of that, and all the backbenchers are aware of that. The question is whether or not there will be significant economic presence by Waste Management Inc. in the new, restructured company?

MR. SPEAKER: This is the third statement of the same question. Under the circumstances, the hon. leader will have to be content with whatever answer he had previously.

MR. NOTLEY: Fair enough. What we're getting is no answer, but we can all make our own conclusions as to what the answer is.

Mr. Speaker, could I ask the minister to advise the Assembly whether, in the light of his undertaking last year to suspend negotiations until the Attorney General's department had prepared a report on Waste Management Inc. and reviewed the

concern expressed, the Department of the Environment in fact received that report the minister made reference to in *Hansard* of last year?

MR. BRADLEY: Mr. Speaker, with regard to the situation, I think I've outlined it to the House. What we've accepted is a proposal to restructure the corporation, Chem-Security, so they'd have 50 percent Canadian ownership. I think that responds to our concerns with regard to the link to Waste Management Inc.

MR. NOTLEY: Mr. Speaker, a supplementary question. Is the minister saying that notwithstanding the commitment made on April 29, 1983, the Department of the Environment or the minister has not received the Attorney General's report on the "review of Waste Management Inc."? I quote page 723 of *Hansard*, April 29, 1983.

MR. BRADLEY: As I've indicated, Mr. Speaker, what we have in fact proceeded with is that we have accepted a proposal to restructure the company, which answers our concerns with regard to Waste Management Inc., being control by an American-owned corporation.

MR. NOTLEY: Mr. Speaker, a supplementary question. I didn't ask that; I asked whether or not the minister has received the report he indicated, on April 29, 1983, he'd requested. That relates to an Attorney General department review of Waste Management Inc. Has the government received that report?

MR. BRADLEY: Perhaps my colleague the Attorney General would like to respond, but I can only indicate that any review of that nature would take a substantial amount of time. Given the interjurisdictional nature of that, we felt we would proceed with a restructuring proposal which would give majority control to Canadian interests.

MR. NOTLEY: A supplementary question to the minister. Notwithstanding the commitment on the 29th, am I to understand — so there's no misunderstanding — that the minister has not received any review from the Attorney General's department on Waste Management, as he indicated to the House, on April 29, 1983, would be done?

MR. BRADLEY: Mr. Speaker, I've responded that given the interjurisdictional nature of such a review, we felt it would be best to accept a restructuring proposal which would give us majority Canadian ownership.

MR. CRAWFORD: Mr. Speaker, perhaps I could add just a little bit ...

MR. MARTIN: Help him out, Neil.

MR. CRAWFORD: ... because we're running the risk, perhaps not a great one, of having the answers become as tedious as the questions.

Maybe I can just clear up this much. The result of the discussions last year and the public observations in respect of certain difficulties Waste Management Inc. had had in the United States was that inquiries were conducted through the usual channels which are available for making inquiries in the United States or elsewhere abroad. I know the hon. leader has in his mind a picture of a report which perhaps he could then try to make the subject of a motion for a return or some other question. But really the practical way that this type of consul-

tation and advice takes place is that it is an evolving process over a period of time. Inquiries are made, and responses are received from the authorities who make the inquiries. We get information in both a generalized and, to some extent, specific way sufficient to draw certain conclusions.

Some of the conclusions are the ones my hon. colleague has referred to; that was, rather than try to make a judgment on a situation which really does involve the United States authorities, the problem could be resolved by a restructuring. Negotiations for that purpose took some time. My colleague didn't refer to the length of time. But when one is dealing with entities outside of government who have their own concerns in respect of their dealings with, in this case, the potential new player in their structure — it did take some months. For that reason, once that process was under way it seemed to be the very best way to resolve the matter. It was resolved in that way.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. The minister is right; the answers are becoming ...

MR. SPEAKER: Might this be the final supplementary on this topic.

MR. NOTLEY: Given this instantaneous revelation that came to the government sometime after April 29, could the Minister of the Environment outline to the House the composition of the board? I'm sure he would have discussed the structure of the company with these people before he authorized the Waste Management people to proceed with negotiations. What kind of presence will Waste Management Inc. have on the board of the new, restructured company?

MR. BRADLEY: Mr. Speaker, I believe they'll have one member on the board.

Alberta Economic Strategy

MR. R. SPEAKER: Mr. Speaker, my question to the Premier is with regard to the conference as well. It's specifically with regard to Communiqué No. 3, in terms of economic growth and development. I would like to ask the Premier what types of economic initiatives will be looked at in creating new and permanent jobs? I am wondering if one of those considerations would be the promotion of business formation. I refer to an article in Policy Options of March 1984 that covers that objective very well. I am wondering if that would be the goal of government in meeting some of the needs in terms of new and permanent jobs.

MR. LOUGHEED: Mr. Speaker, it's difficult to answer that question briefly. There are a number of aspects involved. Certainly it is the view of the western premiers, as reflected in the communiqué in terms of economic growth, that we involve ourselves with international trade in terms of marketing. We look as well, although that's not mentioned in the communiqué, at the degree to which we can replace imports, particularly of food products. We look as well at the area of training and upgrading our skills. We consider targeted tax incentives that can be useful in a multitude of ways, and we consider different approaches by way of training and special skills.

I'm sure the hon. leader of the Independents would have had the opportunity to glance at the communiqué and the reference to the priority for universities. From our point of view here in Alberta, the overall document, including the emphasis on the deficits and public-sector compensation, relates to an

environment for business formation and new capital formation as well. We have a number of matters that are raised in our Budget Address and will be developed further in the medium term, with the economic strategy document we're working on.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier. In times of economic downturn, entrepreneurs often come forward and create various means of employment and job opportunities. In terms of the training aspect of the communiqué, I am wondering whether the government is considering any programs to assist those people who are currently unemployed and would like to be involved in some self-employed enterprise — whether training programs will be directed and broadened for those people.

MR. LOUGHEED: Mr. Speaker, that's difficult to answer directly. Certainly there's an emphasis on that in the sense of our present programming, which leads people into many areas of activity. It need not be as employees and can be as individual entrepreneurs, individual proprietors of business. But it does lead to the question of the priorities that are involved in our universities and our postsecondary, and perhaps the need to have higher emphasis on management and entrepreneurial skills. I say that recognizing and respecting university autonomy in particular, but hoping they will take care to consider that there is a need for management skills and entrepreneurship to be fostered, not just in terms of current employment in the province but employment for our young people as well.

MR. R. SPEAKER: Mr. Speaker, to the Premier. On page 5 there is mention of provincial tax credits. Could the Premier be more specific as to some of the proposals that may come forward from the provincial government in that area?

MR. LOUGHEED: Mr. Speaker, as the hon. member is aware and as the Budget Address shows, we have by far the lowest tax rates across the board. We have the highest disposable income after taking that into consideration. However, we continually assess whether there is merit in particular ways we can move our tax system to direct toward incentives that can encourage job creation. We've done that in the past in a number of ways. We have had the royalty tax credit, which was a very important element of our oil and gas activity plan, in April 1982, and we have under assessment a number of other options.

The purpose or thrust of that particular provision in the communiqué requires some explanation, Mr. Speaker. We've had a variable position by the federal government on their collection of personal income tax, in agreeing to accept proposals by provincial governments in the way of tax credits or tax incentives. In one year the answer is no, in another year the answer is yes, in a third year the answer is no, and so forth. In discussing this matter, we felt it would be useful if the four western provinces — and this is one of the four follow-ups from the conference — could meet and develop broad parameters, and then have the concurrence of the federal government rather than just the federal Department of Finance that those parameters were appropriate in the tax collection system. Having done that, it would then be possible for our Treasurer and others to more effectively evaluate the concepts for such tax incentives that would be accepted by the federal government under the tax collection agreement. We think it's a very useful step to take over the course of the immediate future.

MRS. CRIPPS: A supplementary, Mr. Speaker. The member's original question dealt with employment opportunities in western Canada. Considering how important the PGRT and the PIP

grants are to the exploration and development of the oil reserves in western Canada and to employment and job opportunities, was any agreement reached on a position to put forward to the federal government on those issues?

MR. LOUGHEED: No, Mr. Speaker. In that case the government of Manitoba did not concur.

MR. MARTIN: We're going to blame the Manitoba government for everything, I guess. [interjections]

Special Education — Funding

MR. MARTIN: My question is to the Minister of Education, if I may. Could the minister indicate to the Assembly why special education funding has been changed to block funding this year. Was it primarily so the provincial government could cap grants and save money in the future?

MR. NOTLEY: It was the fault of the national energy plan. We all know that.

MR. KING: No, Mr. Speaker.

MR. MARTIN: My follow-up question: could the minister indicate to the House why we have this new block funding?

MR. KING: Mr. Speaker, I prefer open-ended questions like that to more closed questions. I'd be delighted to tell the hon. member why we made the change.

MR. MARTIN: I'm delighted, Dave.

MR. KING: I begin with the observation that the change in funding for special education was not made in isolation. It is one of a number of changes that have been made in the financial programs of the Department of Education. In other words, in all our financial programs, we are attempting to re-establish with the school boards in the province a relationship that is based more on their taking responsibility for professional decisions and the implementation of professional decisions within their jurisdiction.

In years gone by, the financial and program relationship between the department and local school boards has been based on the idea of the department scrutinizing all proposals in advance of their being acted upon — a kind of preaudit — to the extent that we have neglected our legitimate concern for the results of this activity. We feel that we have been too preoccupied with process and not sufficiently concerned about the results of this activity.

In the new management and finance plan, we are trying to adopt a more balanced approach. We're trying to develop a concern ourselves for results, and we are trying to encourage school boards to be similarly concerned with results. To the extent that they are concerned with results, they will have more responsibility for making decisions; the Department of Education will have less.

MR. MARTIN: A supplementary question. In view of the minister's fondness for reports and studies, did he implement any process to receive input from the various special education groups — such as special education teachers' organizations, societies, and local boards — before the new system of special education funding was implemented?

MR. KING: Mr. Speaker, it is clear that there has been extensive consultation with the various parties involved, particularly school boards and school business officials.

MR. MARTIN: It's rather interesting that they're not aware of it.

Mr. Speaker, my specific supplementary question is: what review has the minister made of the Alberta special education study of 1977, which stated that existing special education teacher position grants and learning disability funds were effective methods to provide financial support for special education and should be continued? Has there been a change from 1977, in the minister's mind?

MR. KING: No question about it; there has been substantial change since 1977. Programs have expanded throughout the province. They have been taken up by jurisdictions not formally involved in providing special education. Local school boards have developed an expertise that wasn't available to them in 1977. Teachers who were formerly untrained have acquired the training and experience since 1977. Every single one of those changes has enhanced the opportunity for the local school board to take control of these programs directly rather than have the Department of Education tell them what they're going to do, how they're going to do it, and when they're going to do it.

MR. MARTIN: That brings me to a very important part of the local school boards having some say. My question is this: what assessment has the minister made of local officials' criticism that the directive to provide special programs for all who need them will dramatically increase the number of students in this category, and hence the cost to local boards?

MR. KING: Mr. Speaker, I begin by saying that it is the position of the government that local school boards are responsible for providing an appropriate education to all the children in their care. I am somewhat surprised if there is an implication in the question that local school boards don't have that responsibility, because this government believes that the boards are responsible for the education of the children in their jurisdiction.

Secondly, it is clear that the overwhelming reaction of boards and administrators has been supportive of the implementation of the new management and finance plan. Thirdly, it is equally clear that there has been consultation and that administrators were aware of the implications of this. I remind the hon. member of a meeting that was held two weeks ago in Red Deer, involving many people involved in special education throughout the province and the senior administrative staff of Alberta Education. That was not the first meeting or the only meeting; it was the last of a series of meetings.

Finally, I can only repeat again that in our view the school boards in the province have skilled, experienced, competent, and conscientious professionals who are quite capable of making good program decisions at the local level, and we believe they should have the opportunity to do that.

MR. MARTIN: A supplementary question. There seems to be some confusion. Just because the minister says it's true does not make it so. There is ...

MR. SPEAKER: Order please. Let's get to the question.

MR. MARTIN: The new funding formula for special education is \$135 per student, based on the student population last year. My question is: what contingency funding is available for any increase in special needs children in the province this year?

MR. KING: Mr. Speaker, there can't be much of an increase. We are educating the same children this year as we educated last year, with the exception of that number which graduated

from grade 12, which is roughly equalled by the number who have entered the system in grade 1. The hon. member knows that the population is substantially the same as it was last year. The circumstances of the children haven't changed. What he is suggesting is that in years gone by the boards did not provide an appropriate education and that they are now going to claim that they need additional funds to do that. That's an argument they may make, and it's an argument he may support. But the fact of the matter is that the student population has not changed. It is only some administrators' perception of their responsibility that has changed, and I welcome the changed perception.

MR. SPEAKER: Might this be the final supplementary on this topic.

MR. MARTIN: A supplementary question to the minister. Is there any flexibility in funding available for what is termed low-incidence handicapped children, like the blind and deaf, who will enter the system this year? For example, a special needs child in a rural district who until this time had been eligible for program unit grants of up to \$22,000, I believe, is no longer eligible. Is there any flexibility for this type of student?

MR. KING: Yes, Mr. Speaker. As is always the case with good planning, there is flexibility built into the program. Discretion is available to local boards, in consultation with representatives of Alberta Education.

MR. SPEAKER: I should say that I had some misgiving about this line of questioning, because it seemed the sort of thing that would be very appropriate to a discussion of the hon. minister's estimates. Consequently I wouldn't want to see that sort of thing taken as a precedent, although there certainly are some cases where hon. members try to get information in advance so that they may be better prepared for discussing the estimates of the department.

Federal Deficit

MR. OMAN: Mr. Speaker, my question is directed to the hon. Premier. By way of background, the International Monetary Fund released a report yesterday, I believe, on the economic health, or lack thereof, of the major western industrialized nations. That report expressed alarm at the burgeoning deficits these nations are incurring and pointed out particularly that Canada, along with Italy, were the worst offenders. I don't suppose we can lay this all at the feet of Manitoba, Mr. Speaker. But I wonder if the Premier could indicate if this topic was discussed at the conference and what solutions might be proposed?

MR. MARTIN: We didn't know Manitoba was so important.

MR. LOUGHEED: Mr. Speaker, yes it was. There was a useful discussion on the matter of deficits and constraining expenditures, and that is referred to as a specific item in Communiqué No. 3.

The hon. member raised that question of the International Monetary Fund report, which arrived on my desk from New York two minutes ago. It is clearly a disturbing document. It shows Canada now the second worst country in terms of aggregate deficits and points out the vicious cycle that is involved here. So for this government that is prepared to be concerned about expenditures in health care and other fields, it is cause

for us to need to communicate even further the importance of constraining expenditure right across Canada.

Special Education — Funding (continued)

MRS. KOPER: Mr. Speaker, my question to the Minister of Education regards the funding under the educational opportunities program in our province. It is somewhat related to the type of questioning by the hon. Member for Edmonton Norwood, so I hope I'm not entirely out of order, sir.

This program has been beneficial to students and schools throughout the province, Mr. Minister, and concern has been expressed about the continued funding of the program and the length of time the program will exist. Could you please confirm whether this program will be extended and the time line for that?

MR. KING: Mr. Speaker, this is a good example of the issue involved in the discussion of special education funding. There are three kinds of educational opportunity fund programming. One is for elementary school, the second is what we might call a regular EOF program for junior high school, and the third is called the compensatory program for junior high school. The first two are being continued in general terms; the first, the elementary EOF program, under the administration of Alberta Education until the end of the cycle.

The funding for the second program, the junior high school program, is being maintained. But instead of the program itself being maintained with the requirement that boards apply to the Department of Education and justify their program to the Department of Education, the money is being provided to local school boards. The local school boards may make the decision. So it is important to understand that the funding for EOF at the junior high school level is not being cut off. It continues to be available to local school boards. It is the local school boards that will make the decision about the continuation or otherwise of any of the programs that were originally approved under the EOF program.

MRS. KOPER: A supplementary, Mr. Speaker. Would it be my understanding that the minister's intent is that successful programs under this could be continued, at the will of the local school board?

MR. KING: Absolutely, Mr. Speaker. I suppose I should add the important qualification that the EOF program was meant to fund new types of learning opportunities for a fixed period of time — usually three years — so that boards, teachers, and others could learn from the three-year experience and decide whether or not they want to try to incorporate that experience into the school system generally. It was never imagined that any EOF projects would continue indefinitely. The idea was that it would be supported for enough time to make a judgment about its value. If indeed it did have value, it would be incorporated into the regular education program at the end of a cycle, to benefit more students or perhaps all the students in the system.

MRS. KOPER: A supplementary to the minister, Mr. Speaker. Was there advance notice of this transfer of funding and the program initiative?

MR. KING: Yes, Mr. Speaker. The broad outline of the plan was described in conjunction with the grants announcement on January 12 this year. Between January 12 and a recent meeting in Red Deer that involved professionals involved in special

education, there were a number of meetings across the province involving officials of the central office or the regional offices of Alberta Education. I can't recall for the hon. member who was involved in those meetings, either from the special groups or from different boards, but I could certainly get that information.

MR. PAPROSKI: A supplementary, Mr. Speaker. With respect to the change in the grant structure regarding EOF programs, could the minister please explain what involvement his department will now have with respect to evaluation or determination if that funding will continue to a particular school district? In other words, when a program goes ahead in a district, will there be department officials involved in any way to look at that particular program?

MR. KING: In some cases there will not be departmental involvement, because the money will be going to the boards solely on the condition that they use it for what might broadly be called special education funding in their jurisdiction. The boards will be free to decide what kind of program the fund will support, how extensively the program will be offered, and what the duration of the program will be. I come back again to the point I made earlier, Mr. Speaker, that part of the intention of this has been to give local school boards the opportunity to make good professional judgments about what constitutes an effective special education program.

Having said that, it is also the case that we will be evaluating these programs as they are offered, but what we hope to do in the future is to evaluate experience rather than application forms. Previously we have been evaluating proposals as they are made to us, before they're put into effect, but we have not been evaluating the outcomes of programs as they were operated. We're hoping to shift away from the evaluation of paper and put more emphasis on the evaluation of experience.

MR. PAPROSKI: Mr. Speaker, a further supplementary, just to be perfectly clear. There will be continued communication between school boards and your department with respect to EOF, for sure.

MR. KING: Absolutely, Mr. Speaker.

ORDERS OF THE DAY

head: **COMMITTEE OF SUPPLY**

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Would the Committee of Supply please come to order.

Department of Housing

MR. CHAIRMAN: I believe the Member for Lethbridge West was on the list to make some comments.

MR. GOGO: First of all, Mr. Chairman, last day the minister made some very encouraging comments dealing with his estimates. It raised some questions with me.

I believe the minister said that in the next budget year, '84-85, there was provision for 500 self-contained suites to be constructed in the province of Alberta and 110 lodge spaces, or the equivalent of that, within the lodge program. It raised

a question. Could the minister advise the committee how many requests he has had for self-contained suites? He might at the same time make some reference to the number we currently have. I understand we have an abundant supply. If that's true, I wonder if the minister shares that view.

With regard to community housing, Mr. Chairman, I've had a fair amount of representation on the role of government with regard to community housing. At the present time we have an oversupply in many parts of Alberta. As members of the committee know, community housing operates on a percentage of a person's income. They are primarily intended for low-income people. I don't think the intent is in any way to form a ghetto housing system. For that reason, certainly in my community we've tended to have them spread through the community. My question to the minister, if he could respond, is: what is the intent of his department with regard to erecting community housing; i.e., construction versus purchasing existing housing that may be in housing inventory throughout the province?

In that regard I recognize there's a sensitivity in certain communities as to what areas or neighbourhoods community housing could exist in. So would the minister respond as to the intentions of fulfilling the need for community housing, where they would obtain those units — i.e., new construction or purchasing existing construction — and if the area of neighbourhoods presents a problem? I understand municipal jurisdiction is respected.

With regard to the home improvement program, the minister mentioned that the intent is to spend some \$50 million in the coming year. It seems to me that \$25 for every man, woman, and child in the province is a pretty substantial amount. Based on last year's or the previous year's experience, could the minister share with us the type of local employment this creates within our communities? I think one intent was not only to assist seniors to stay within their homes but to allow for local employment with spending these funds to improve those homes.

Now that we have the Widows' Pension Act in place, is the minister in a position to share with the committee how many of those widows or widowers aged 64 or 65, who now qualify for that program along with the health care benefits that are granted the widows' program recipients, have accessed the program to date? That Act has now been in place a year. Will the estimate of \$50 million accommodate the expected demand from that age group? Because they are a much younger age group, I expect the demand to be very heavy.

The minister has already mentioned the awards program. I think it's an excellent idea. It's another example of providing an incentive to encourage builders to produce the type of homes, although we seem to be on a kick of single-family dwellings. How long we can keep that up, I don't know. But I certainly endorse the principle of the six awards for '84 and continuing into '85, by designing homes for young Albertans' affordability. I think that's just a super idea.

Mr. Chairman, a couple of other points. The minister didn't make reference to it, but I would like him to comment with regard to the land banking inventory policies. With the new Bill merging the two corporations introduced in the House, are we seeing a shift in government that in any way is going to affect the land inventory, which I believe is around a third of a billion dollars? What provisions or plans does the minister have in the oncoming budgetary year for either reducing — I take it as a given that he's not buying any more, but maybe he can share with us if he is. Maybe he's exchanging somewhere. That's not a bad idea.

[Mr. Purdy in the Chair]

I guess the concern I have is protecting the investment we have. I understand cabinet made some changes to regulations not long ago whereby they could alter certain things, and we are dealing with some of that in legislation. But what is the government's intention with regard to reducing inventory without flooding the market and causing decreased prices? He might be able to share that land banking inventory on the basis of residential land, serviced land, raw land, et cetera.

The final comment, Mr. Chairman, is with regard to the mortgage insurance the minister made reference to. He made reference to the program we started, mortgage insurance for mobiles, which was a precedent. I wonder if the minister, as chairman of the corporation, is in a position today to share with us the mortgage insurance fee that's now levied through Alberta Home Mortgage Corporation. I think it's substantially higher than anybody else in Canada, assuming the same risk. What are those reserves? In other words, quite frankly I've long been an opponent of the type of mortgage insurance that now exists. I think 1.5 to 2 percent of the mortgage amount has to be amortized over the life of the mortgage. What would the fund sit at; i.e., what has the experience been with regard to foreclosures and so on?

Finally, Mr. Chairman, I think it's in order to compliment the minister for his activities in the past year. I am very encouraged by his positive attitude with regard to local autonomy and housing authorities. In the constituency I represent, we have a very positive housing authority, I think one of the largest in the province that operates directly. But I have had complaints from the private sector that they are an expensive organization to operate compared to the private sector, the number of people involved. That's not my experience. I think the Lethbridge Housing Authority is not only on extremely good terms with the community and the builders within the community but provides the minister much-needed advice as to where community housing, for example, should go.

With that, Mr. Chairman, I want to close by commending the minister for his very positive attitudes and activities in the past year in providing affordable housing to Albertans.

Thank you.

DR. CARTER: Mr. Chairman, I too would like to add words of commendation to the minister for the style with which he operates the department. I am very appreciative of the response one gets from the minister's office and the speed at which the answers come back. Persons I know in the city of Calgary who are involved with respect to Alberta Housing, and especially with respect to senior citizens' self-contained units, also feel the present minister has taken the department well in hand. They appreciate the co-operation and support.

Mr. Chairman, through you to the minister, my very brief comment is that I hope — I guess it really reflects the heritage fund mortgage interest reduction program. I wonder if the minister would be good enough to comment on what he really sees as being the projection with respect to mortgage rates? I know the market is presently in a very serious readjustment position. There are plenty of statements pro and con as to whether or not the interest rate will continue to rise. Does the minister believe we are going to be back into a very difficult situation within the next few months, which will really be a return to the chaos of a couple of years ago? That's the basic concern I would like to express through you, Mr. Chairman. I hope the minister will comment with regard to the whole mortgage rate situation in the short as well as the long term.

MR. MARTIN: Mr. Chairman, I was interested that the Member for Calgary Egmont brought that up, because it is an area

that I think is rather important right now. I notice that the prime rate is going up in both Canada and the United States. I notice that The Toronto-Dominion Bank, the Bank of Montreal, and The Royal Bank have already raised their prime lending rates from 11.5 percent to 12 percent, and most of the major banks in the United States have gone from 12 percent to 12.5 percent. We are coming to the end of the mortgage assistance plan. I believe the final payments are at the end of August. I wonder what assessment the minister has made of this situation. Trying to figure out what the federal Minister of Finance is saying about it leaves one rather confused, because I don't think he particularly knows. But I am sure this has raised some concern with the minister here.

I guess my question is: if interest rates started going up to the previous level and continued to go up, would the government assess the program, with the possibility of bringing in a new assistance program? I suggest that if it gets to the level it was at the time that the government brought it in, certainly the same needs would be there as were there a few years ago. Following up, what assessment has been done? Is there any thought of perhaps bringing in a new program?

Mr. Chairman, the other question I have deals with the Alberta home mortgage association. Has any assessment been made of cutting out some of the bureaucracy? We've had some talk in this government about deregulation. I guess I am asking why we haven't thought of using our own treasury branches in the mortgage business, and get right out of it. It seems to me one of the advantages — maybe there are disadvantages — would be that the people in the treasury branches are qualified people who know how to make loans. I have often wondered why we don't use government programs through them. It seems to me that might streamline. We would not need a bureaucracy to administer it. Has any thought gone into this? Perhaps in future the minister would look at the treasury branches being used in a more active way, with government money, for programs like the one we're just finishing up.

The other area I would like to go into specifically — I have some questions, and they refer to questions I asked in question period on October 21 — has to do with the resignation of two members from co-op housing. At the time the minister said that there was no evidence whatsoever of loss of public funds. My understanding since then, from reading reports — there have been some reports; maybe they're incorrect and the minister can fill us in — is that families have not been allowed to visit sites. They were introduced to a major contractor in April, and they said the house had a number of deficiencies. But government officials claimed they didn't have the contractor's phone number, and there wasn't anything they could do. They took their complaints to the superiors in Edmonton, and that contractor was given until March 31 to correct interior deficiencies and until April 30 to correct exterior problems. As I understand it, CHAP has now assumed responsibility for problems and is doing the work.

The other area that was just recently reported and I'm sure the minister is aware of, Mr. Chairman, has to do with the Isaac home in Black Diamond. The home was approved by the AHMC inspector even though he wasn't able to get into the house for the final inspection. At least that's the report. Maybe that's not correct, but I'm sure the minister can fill us in. The homeowners accepted what they were told by provincial employees, because they trusted them. Maybe that's always a mistake: let the buyer beware. But I still think the reputation of the minister's department is on the line. They say they've been complaining to government officials since last fall. The province originally gave the builder until the end of March to remedy the interior deficits. But the builder hired the two former

employees to do the job, and the homeowners say the repairs have been so poorly done that they've had to redo them. I would like the minister to update us. If all this is true, what's being done in those two specific cases?

I have three specific questions to the minister if I may, Mr. Chairman, dealing with this whole area: one, what is the present status of the investigation into the alleged abuses of CHAP by two senior officials; two, what plans are there to compensate the families who had houses built under CHAP; and three, what steps are being taken to forestall and prevent any future abuse and misuse of this type? I guess basically I'm asking for an update on this whole problem, which I raised in the fall session. With those few comments, Mr. Chairman, I await the answers of the minister.

Thank you.

MR. NOTLEY: Mr. Chairman, I'd like to make a few comments this afternoon on the question of land banking. I raise these comments from the perspective of supporting land banking as a matter of principle. But I think there is at least some clear necessity to evaluate the land banking policies of this government over the last few years. In fairness, I might say that I've had several very positive experiences with Alberta Housing re land banking projects in my own constituency. One of the most significant was in the village of Berwyn, where the annexed area was developed by Alberta Housing, and I think quite successfully so.

But having said that, Mr. Chairman, I think we now have to assess, particularly in these estimates, the government decision to take a significant amount of money. I don't have the exact amount with me at the moment. It was \$40 million or \$52 million in any event. But a significant amount — \$52.4 million — was provided on March 7 in the form of a special warrant. It really raises a number of issues. Let me attempt to identify the issues that this particular special warrant, this bail-out, raises in my mind.

Number one, land banking as a principle is a good one; no question about that. But number two, I think we have to ask ourselves: did we get into situations where our land banking was somewhat unrealistically ambitious? In certain communities, were we land banking more than could reasonably be expected to be land banked sensibly? Of course a local municipality . . . I noticed, I think it was on November 30, in response to questions I raised on the acquisition of land in Smoky Lake — and I raised questions the day before, I believe, on what seemed to be some rapid flips of land. In fact the interest of this particular land had been in 1978, even though the sale took place in 1980. But this land went from \$60,000 to \$550,000 in 1978, to \$1.06 million in 1980. Even though the government had an appraisal which was just a notch higher than that, the minister knows — and we all know — there's no way we're going to get \$1.06 million for that land. That raises the question of how we get into that sort of thing. It raises the question of the amount of land that we land bank.

Mr. Chairman, to the minister. I look at some of these projects and I wonder what kind of planning went into the particular land bank acquisitions. Does it make sense, for example, to have that large an acquisition next to Smoky Lake? It obviously doesn't now. But even in 1980, did it make sense? When we look at the land bank in the Fort Kent area, does that make sense? Well, in 1980 it might have, because we were looking at the Cold Lake project going ahead. But it didn't go ahead, and now I think it's highly unlikely that we're going to have anything like that sort of massive increase in population in the Fort Kent area. So the question that comes to my mind first of all and that I'd like the minister to deal with is, how

are we going to be dealing in future with the type of land banking proposal that comes in from municipalities? How are we evaluating it? What kind of population projection is going to be undertaken? If we look at some of the population projections of the last few years — 1979, 1980, and 1981 — and contrast them with the situation now, it's the difference between night and day. In those years we were optimistic; we were looking for unparalleled, continued growth. Now the economy has come to a grinding halt.

In my view, Mr. Chairman, the second thing that needs to be explored in discussing this issue is how we can stop the kind of rampant speculation in land, which I maintain has not only hurt homeowners who have to pay usurious prices for the lot on which their house is built, but I think it has had extremely bad effects on the agricultural future of this province. Because we had a boom, because we had unrestrained land speculation in Alberta during the years from the early '70s through to the slowdown in the economy, there were a number of Albertans — and we know that, Mr. Minister, Mr. Chairman, and this committee — who made a lot of money speculating in land; not developing land, not providing useful services, but basically speculating in land; making shrewd purchases, holding it for two or three years, then selling it to a private developer, to Alberta Housing, or to an industrial firm. The net result of that whole process, Mr. Chairman, is that it contributed to the increase in housing prices.

As I look over *Hansard* for the other day, when the estimates discussion of the Department of Housing started, I notice that the Member for Little Bow, I believe, indicated that the availability of money, loans, contributed to higher housing prices. Perhaps so, Mr. Chairman. But I think a far bigger problem was the unrestricted speculation in land that pushed up the basic price of a lot to the point where it was absolutely ridiculously high. When I look at my little town of Fairview, where lots went for \$2,500 and \$3,000 in 1971, they were selling for \$25,000 by 1982. Now they're not down to \$3,000, but they've come down a long way in the process.

I raise the question because a lot of people in this province got locked into a land base which was inflated due to unrestricted speculation. While some people made a potful of money out of this process, I really wonder if it was a process that served anyone very well.

The other element that I think is just as important is, why is it that land values became ridiculously high? In 1982 I had occasion to look at land values south of the city of Regina, the Regina plain, and compared them with land values where we have our family farm in Olds. The difference was remarkable, Mr. Minister: \$600 or \$700 an acre in the Regina plain at that time, and as high as \$2,000 an acre west of Olds. No one's going to pay \$2,000 an acre and be able to farm. What happened is that we had the rollover provision. Land near Calgary was bought at ridiculous prices, people moved north and paid ridiculous prices in Olds, and people who sold out there went up to the Peace and paid ridiculous prices. So you had this ripple effect, which pushed the price of the entire land base beyond the realistic value of that land in terms of the one yardstick we should be using in terms of agricultural land; that is, what the farmer can make from the production of crops or agricultural commodities, and relate that to what he pays for the land.

So we had an artificial price that was a by-product of the boom, Mr. Chairman. And it was not only the by-product of the boom as it hit the young person who is now so desperate in Edmonton and Calgary that he sells his home for a dollar, but it was the by-product of the boom that affected a young farmer in Spirit River, Woking, Grande Prairie, Stettler, or wherever the case may be, who has paid a price for land which

is unreasonably high and now finds that he can't make the payments.

Mr. Chairman, that raises in my mind the need, while we have this pause — and I think most of us regret that we have this kind of economic pause, but perhaps it does give us some opportunity to look at adjustments which can protect people in the future. I know that in all likelihood members of the committee won't agree with me, but I suggest that now is the time to look at some form of unearned increment or speculation tax. Of course I think we have to make exemption for that first sale from one farmer to another, or from one farmer to the first person who buys it. But I think if you then bring in your tax in such a way that you in fact tax people out of land speculation in the future, you can still allow the individual farmer, who has worked and earned a reasonable equity and has every right to retire with that equity in place — that would remain untaxed.

But when we get into the situation of some of the sharpie lawyers getting together in their numbered companies and buying land from farmers for X amount, holding it, and then selling it, and that never ending merry-go-round that we saw for the 1970s — but unfortunately it did end, and in the process we now are picking up at least some of the costs of that end of the merry-go-round. The individuals who bought their homes are picking up part of the cost, the young farmer who is paying an unrealistic amount for land in Three Hills, Olds, or wherever is paying part of the cost, and we as taxpayers are paying part of the cost because we're taking revenue from the province so we can now do something with these lots.

Trying to be generous and not too obstreperous and bewailing this, what happened in the '70s is history. But the question we have to address, Mr. Minister, is what we're going to do in the 1980s and the 1990s. I suggest to members of the committee that one of the things this government has to seriously examine is some form of speculation tax. Not that that tax is going to earn any large amount of money, not that it would be the sort of thing the Provincial Treasurer could glom onto and say, here's the way I can reduce the deficit. Rather, we can shift capital out of an injurious type of investment, because an awful lot of people are hurt by this sort of thing — a few people gain; a lot of people are hurt — and into more productive types of investment.

I don't think that's a terribly radical idea, Mr. Chairman. The former government in this province had an unearned increment tax. It was even supported by the Conservatives in the Legislature at the time. I believe the Government of Ontario has a form of speculation tax. I suggest it's one of the things the government should look at, and look at now. We may not need it tomorrow, because of the economy. The economy is going to be its own controlling or regulating factor at this stage, because we've got more homes on the market and more land up for sale. If anything, prices are beginning to come down. Because of the rather lamentable state of the Alberta economy, we don't need a speculation tax to protect people right now. But hopefully that's not going to continue forever. Hopefully we are going to see a recovery. By putting in place some form of speculation tax now, I think we'd be protecting people in the future.

Again, I would be absolutely astonished if I discovered any kind of widespread support for this, although I do recollect that the land use study reviewed the matter and that we had a number of documents presented for the land use commission. I remember a debate in this House — I think it was 1973 or 1974 — when this matter was discussed. But I offer it, Mr. Chairman, from the vantage point of someone who supports the principle of land banking. If we're going to have land banking in the future — and I think we should — let's make sure we have

some handle on the size of these projects and the economic projections used to back them and, at the same time, beyond land banking *per se*, look at some method of at least curtailing the incredible unearned increments that caused almost everybody to have to pay more than they should for either a lot or a parcel or land to start their farming operation.

MR. DEPUTY CHAIRMAN: Would the minister like to respond, or are there other participants?

MR. R. SPEAKER: Mr. Chairman, just a couple of areas beyond the remarks I made the other evening. One was with regard to the changing of the administrative structure of the department and the amalgamation of some areas. One objective left for the department is to continue to address the needs of senior citizens and low-income families. I wonder if the minister has considered, in maintaining that objective, transferring that function to one of the other departments of government — for example, the Department of Social Services and Community Health or one of the other departments that may look after social facilities. I see that as a possibility.

Not to take all the responsibilities away from the Minister of Housing as such, but as I observe what has happened in the market in Alberta and the change in needs of Albertans, possibly a Department of Housing isn't necessary at this point in time, and one of the greatest favours the minister could do for Albertans would be to eliminate the department. Maybe that would be the highlight of his own administrative responsibility. That puts the minister in a very difficult position, but hopefully a transfer could be made with the greatest of ease, without leaving the minister high and dry. Most likely to the people of Alberta, that could be a very responsible move at this point in time, in terms of the Premier's talk about restraint and making sure we balance the budget in Alberta. Possibly we could have a good move in that area. That's maybe a little further than the minister would want to go in his department but certainly one for consideration. But the main point I'd like the minister to address is the continued responsibility for senior citizens' housing and the sort of social responsibility the minister will be taking.

The other area I'd like to raise with the minister is with regard to the number of properties that have been taken by the department in terms of foreclosures. I understand that that number was significant in the fall of last year, and I'd appreciate an update with regard to that matter.

MR. DEPUTY CHAIRMAN: Would the minister like to respond?

MR. SHABEN: Mr. Chairman, I'd like to express my appreciation for the contribution of members of the committee and particularly the number of positive comments made. I'll try to deal with them in the order the members raised the issues.

The Member for Calgary McCall made reference to the Alberta family home purchase program, particularly with respect to how important it had been in his constituency in providing an opportunity for young families to obtain housing, where without that program they would not have been able to obtain ownership of housing.

On Monday the Member for Little Bow provided his initial comments with respect to his view, and today he raised a number of questions I'll deal with. First of all, with respect to the work that resulted in the legislation that was introduced last Friday, requesting support of the members to combine the Alberta Home Mortgage Corporation and the Alberta Housing Corporation, the committee involved in that, including the con-

sultants, spent many months. The two private-sector individuals involved on the committee were each private-sector members of each of the boards. There were a variety of considerations. One was to have a single housing agency to carry on the social responsibilities in housing that the government has undertaken by way of policy; another was to have two; another to retain the status quo; and of course consideration was given to whether or not there was need for any housing organizations. As I go through the responses to the other questions, I think it'll be evident to members of the Assembly that with the policy in place to provide assistance to house seniors, low-income families, the handicapped, and particularly native people, the need to provide this service to Albertans continues.

There may be more questions with respect to the study that was filed on Friday as well as the Bill. Those could probably be more appropriately dealt with during either second reading or committee study of the Bill.

The Member for Lethbridge West raised a number of points. I'll try to deal with them quickly. First, I'd like to thank him for his positive comments. In 1984-85 we have requests for 4,000 units of senior citizens' housing from approximately 160 groups, mainly volunteer community groups. So it's clear that with our budgeted allotment of 500 for the current year, we're going to have some disappointed community organizations. That of course is a difficulty, because these organizations, volunteer groups, work very hard on behalf of seniors and are anxious to provide their voluntary input to assist in that housing. But clearly as a result of our budgetary limitations, as well as the present vacancy situation, the decision to build 500 units in the current year is an appropriate one. The other groups will be advised that their projects have been deferred or, in some cases, cancelled, and they'll be asked to reapply.

With respect to the current supply or number of lodge units — I believe that was the question — there are presently approximately 7,200 lodge units in the province and approximately 11,000 self-contained units available for seniors. Another question was, how many community housing units are there in the province? There are approximately 8,800 community housing units in the province.

The policy with respect to purchasing versus rental versus building. If there is housing available in a community and there is demand and legitimate need for community housing units, we purchase existing units. As a matter of fact, we've recently purchased some units in Lethbridge. The reason for that was to not aggravate the supply situation. Also this year we have allocated the necessary funds for 200 rent-supplement units. We'll be working our way through in order to utilize funds to rent supplement private-sector accommodation to meet the needs of low-income individuals where there isn't adequate community housing available. We'll be working our way through as to how we handle it. My preference is that the housing authorities in the communities handle it.

The Member for Lethbridge West made reference to the housing authorities. There are some 43 housing authorities in Alberta, and they provide just an outstanding volunteer service to the people of Alberta by managing community housing units on behalf of the government and their communities. They do a terrific job throughout all of Alberta.

The member asked what sort of implications the seniors' home improvement program had in two areas. One was the number of widows or widowers who were eligible for our widows' pension program and had applied for benefits under that program. Approximately 3,000 people have applied for and received approval for home improvement grants under that program. The job creation is difficult to determine precisely because of the nature of the work. We estimate that 4,000 jobs

were created in 1983-84, and we expect another 2,500 jobs to be created in 1984-85.

The member raised questions with respect to land banking, the supply of land, and our policies with respect to selling it. Those were questions similar to ones later raised by the Leader of the Opposition. All of us are geniuses when we look backward, and some of us are less than that when we look forward. All members in the House can claim to say that we bought too much land in the '70s, and all of us would naturally agree. I'm sure everybody in the Assembly agrees that we bought too much land. Now the question is how we deal with that land in the future. That's a difficult one. We're trying to operate with some sort of balance. Right now it's difficult to determine the value of raw land and in some cases serviced land, because the market is very limited as a result of limited demand for housing and land. So we've come to the conclusion that we will not dump land onto the market but retain our banked land.

However, in extraordinary circumstances where it's recommended by the Alberta Housing Corporation that we reduce the price of a particular lot or lots due to market conditions, we may reduce them below our accumulated cost. There have been two or three occasions when we have done that, and that's where we don't interfere with the marketplace. So that's a part of the policy. With respect to purchasing more land, we're not buying any more unless it's site specific to meet the needs of a community housing project in a municipality or a seniors' self-contained project, such as in the hon. member's riding in Vauxhall. Although if he decides he doesn't want it, we'd be happy to turn it over to . . .

MR. R. SPEAKER: Mr. Chairman, there's been no statement of that kind made in this Assembly. The minister is making some false assumptions with regard to it. My earlier comments in this Legislature were relative to the need for the Department of Housing in terms of social housing. I said those functions could be transferred to other ministers who could quite competently look after them. I wasn't reflecting on the minister earlier; I was reflecting on the need for a massive department to carry out those remaining social functions. I think the minister should reassess the remarks he just made, because they're not correct.

MR. SHABEN: Hon. members, I regret if there is a misunderstanding. I assumed the programs were no longer required, and maybe that was the wrong assumption.

MR. R. SPEAKER: That isn't what I said.

MR. SHABEN: With respect to the other question raised by the hon. Member for Lethbridge West, where there's interest by small builders in acquiring more than one lot, we have provided them, with a 5 percent discount, the opportunity to buy groups of lots, in order that they can offer housing at a more reasonable price to potential purchasers.

I believe the Member for Lethbridge West also raised the question of mortgage insurance fees and our reserves. Right now the mortgage insurance fund has approximately \$53 million in it as a result of the lending activities of the Alberta Home Mortgage Corporation. The total of mortgages held by the corporation is approximately \$2.7 billion. With the foreclosures and quit claims, it appears as though there are clear claims against that fund of more than \$20 million and the potential of another \$30 million. So I would argue with the hon. Member for Lethbridge West that our mortgage insurance fees were excessive.

The Member for Calgary Egmont asked questions about the mortgage interest reduction program and the impact of interest rates on homeowners. That's a question similar to one raised by the Member for Edmonton Norwood. We've recently modified our policy on the family home purchase program. Previously purchasers could only apply for and obtain a five-year mortgage. We've changed our policy to permit borrowers to apply for and obtain either a one-year, three-year, or five-year mortgage so they can take advantage of lower rates for shorter term mortgage, but it's their choice. The other decision we made is that their income review occurs automatically each 12 months in order to adjust the subsidy based on income. That's been a very important and positive move for homeowners who were eligible for these subsidies under the family home purchase program, which assists them in maintaining ownership of their homes. There have been a number of other guideline changes to assist.

With respect to what will occur on August 1, when the mortgage interest reduction program concludes, we estimate that at the end of August 1984 there will be 5,272 homeowners who are presently receiving benefits under the mortgage interest reduction program who receive benefits of \$200 or more. That is out of the approximate total of 155,000 families who have benefitted from the mortgage interest reduction program. I think that gives the member an indication of the status of those people who are benefitting from the program and what their status will be on August 31.

The Member for Edmonton Norwood asked me for a prediction on interest rates. I don't think my prediction would be of any more use than the many, many economists who are predicting various interest rates. Earlier in question period, the question was raised about the impact of budgetary deficits. That's got to be a key factor in terms of what happens with interest rates in Canada. Of course it's of concern, but I'm reluctant to provide any prediction any different from those that might be provided by any member of the Assembly. [interjection] The Minister of Transportation suggested that I give it a try.

The other suggestion dealt with why the treasury branch doesn't take over many of the programs now offered by the Alberta Home Mortgage Corporation. The Alberta treasury branch does provide mortgages to Albertans, and many Albertans avail themselves of the services of the Alberta treasury branch. The difference between the treasury branch and Alberta Home Mortgage Corporation is that our mandate at the Home Mortgage Corporation is to provide mortgages to low- and moderate-income families. Any family that earns less than \$32,000 a year is eligible to obtain a mortgage from the Home Mortgage Corporation and, depending upon their income, they're eligible for subsidies. The treasury branch isn't in the business of providing subsidies, and that's the reason the function is undertaken by the Home Mortgage Corporation as opposed to either the treasury branch or other lending institutions.

The question the hon. member raised, which was raised back in October and again in November, was with respect to the difficulties in southern Alberta. Just to bring members up to date, two members of the department staff are no longer with the department. There is an RCMP investigation under way. I believe it is now virtually complete, but I don't have a report on it yet. As soon as I do, I will let members of the Assembly know.

With respect to the CHAP recipients, or the people who are involved in the co-operative housing action program in those areas in southern Alberta, members from the department have visited each home and are working with the homeowners indi-

vidually to assist them in rectifying any deficiencies. I have approved an expenditure of \$65,000 to assist those homeowners in meeting the deficiencies.

There was also a specific question with respect to Black Diamond. We have similarly been meeting with the individual families who participated in CHAP, where the developer of the subdivision has gone bankrupt. We have approved some additional funds — I believe it's \$10,000 — principally for landscaping and some \$20,000 to repair sidewalks that were damaged during the course of construction, and we're working with the individual families.

As to the future, we've reviewed the practices within the co-operative housing action program, required some changes with respect to obtaining tenders, and firmed up the requirements. Last November I filed with the Assembly the whole program system. We're satisfied that the program is a very useful one. Families who access it are very pleased with it, because it allows them to put sweat equity into building their own homes and to acquire homes where they wouldn't otherwise be able to. But we will be, and have been, tightening up the procedures.

I've responded to some of the questions from the Leader of the Opposition that were raised by the Member for Lethbridge West with respect to land banking. Speculation on land is a very difficult issue, and it always seems to occur when the economy is buoyant. One point I'd like to draw to the attention of members of the Assembly, and they might like to think about it, is that the difference in final lot cost between land that cost \$10,000 an acre and \$30,000 an acre, assuming that it's a well-designed subdivision, is \$4,000 on the final price of the lot. So raw land is an important element in the price of the house, but there are other factors that weigh heavily on the final price of a lot.

Of course one of them is the subdivision design. How much green space, how many amenities, whether it is zero lot line, whether there are lanes, the width of the lots, and so on determine the final cost to a great extent. Another is the regulatory hoops, the process that developers must go through, in terms of the time required to get a subdivision on the market. If it takes two years, the carrying costs are huge. Another factor is what the demand is like, in terms of the tradespeople that provide the services to put in the services. These are all factors that go into the final lot prices. Particularly during the very heated period of 1977 to 1981, all those costs were at their peak, and all of them rolled into, causing very high serviced land prices and ultimately higher lot prices.

I don't believe there's a simple answer to avoid that. I recently attended an Urban Development Institute conference in Toronto, and they have similar problems where they try to control it with rent controls and a myriad of regulations. Yet the information that came back to me was similar to the concerns I've heard here. I think one of the decisions, to land bank, was a good decision. The degree to which we land banked can now be questioned in light of the downturn, but land banking that has been undertaken will be of future value to the municipalities and potential home buyers in the future.

Mr. Chairman, I think I have responded to all of the issues. If there are more, I would be pleased to respond.

MR. MARTIN: Mr. Chairman, just to follow up in two or three areas that the minister alluded to. First of all, I wasn't asking the minister specifically what he as a minister, as a member of the Assembly, feels the interest rates will be. I agree with him at this point. Certainly Marc Lalonde doesn't seem to know, by his recent pronouncements. Every forecast he has made has been incorrect. But we do know at this point that it

is going up significantly from what it was a few months ago. I expect that perhaps the American election may have a bearing and it may level it off somewhat, at least for that time.

I guess my question had to deal more with contingency plans, if I may put it that way. I imagine that the Department of Housing is assessing this as closely as it can. If the interest rates come down, we probably don't have a major problem. But if they go up and continue to go up at some point, say in the next year or so, to perhaps the levels they were four years ago, I guess I was asking what contingency plans the department might have. Specifically, the mortgage reduction plan comes to an end at the end of August. Would the government then specifically look at extending that program or, if the interest rates go to a certain level, bringing that program back, or a program similar to it at some point? Or are there any other contingency plans if we have runaway interest rates again? That's more what I was trying to drive at.

The other has to do with comments about the treasury branch. I'm aware of the differences. I know the treasury branches are in the mortgage business. I think, though, that perhaps they could be in it in a more significant way, Mr. Minister, because there is an advantage. If they're lending money at — even I would argue, but we won't get into this — a sheltered rate, there is a stimulative effect to our economy, because that money is being circulated in Alberta. When mortgages go outside to the Royal Bank or wherever, that money isn't necessarily helping us in Alberta. I think we should use the treasury branches in our economy as much as we can.

That's one of the reasons I'm saying that even some of the government programs — I recognize what the minister's saying, that they're only for low-income people. But I think an infusion of more money and making our treasury branches even more relevant helps our economy. I guess I'm making that plug from our perspective as Albertans, that wherever we can we use the treasury branches.

The other area, just to come back — I'm pleased by most answers the minister gave in terms of CHAP. I'm not criticizing the program. I firmly believe that we should look at all different types of housing, and I certainly believe that for the future co-operative housing is an important one. But like every program, I guess we want to stop the abuses and make sure that things are done properly.

I know there is a criminal investigation, as the minister alluded. He says it's coming to an end. Has the minister been able to assess, though, why there seems to be so much shoddy work done in that area? Will that come as part of the investigation? Will we know those answers? Or are there other reasons? It seems we have case after case after case. I guess my reason for the question is that if we know what happened here, if there are other things besides the criminal investigation, obviously the minister is in a position to make sure this doesn't happen again. Are there any other reasons why there seem to have been so many problems in that southern Alberta area in terms of co-operative housing? I'd ask those questions.

MR. SHABEN: Mr. Chairman, first of all, with respect to the treasury branches and support for the work they've done, I'm sure the Provincial Treasurer has heard the comments and recommendations that have been made.

With respect to interest rates, as hon. members are aware, that period, particularly in '81 when interest rates rose to 19.5, 20, 21 percent — without our mortgage interest reduction program, that would have caused a great many more difficulties for homeowners. At the present time, there are no plans to extend the mortgage interest reduction program beyond August 31. We're constantly monitoring the interest rates as they have

moved in recent months. Within our area of responsibility and within those areas we can be involved in — and that's the Alberta Home Mortgage Corporation — we adjust the guidelines of the program to adjust for interest rates in terms of the subsidies that potential homeowners have available to them. Those adjustments take place as required.

In the general marketplace, with conventional lenders, we don't have a capacity to deal with interest rates. But I guess the response is: yes, we do monitor the situation; we'll continue to monitor it very closely, but there are no plans to extend the program.

On CHAP, I believe more than 3,000 families have availed themselves of the co-operative housing action program and built their own homes with various degrees of personal involvement. The situation in southern Alberta involves a total of 26 homes. It's a very unfortunate situation. But by far and away, there has not been shoddy workmanship under CHAP, because the individuals are closely involved in the activities. I'm not aware of other situations, and I communicate regularly with individuals who call, who have taken advantage of the program. The one in southern Alberta is unfortunate. We have made adjustments in the guidelines of the program to ensure that there are at least three bidders when a family chooses to put the home out to tender, to ensure that they have an opportunity to choose among a variety of bidders.

MR. MARTIN: Mr. Chairman, just one question in following, to the Minister of Housing. Would it then be correct to say that regardless of interest rates, even if they are to rise to 1981 levels, there will be no mortgage assistance program similar to the one we're coming to the end of, that there are no plans at all by the government to do anything about interest rates if they rise to that level again?

MR. SHABEN: Mr. Chairman, I really can't speculate on what might occur if interest rates go to the levels of 1981. But based on what we see presently and in the near future, we don't contemplate extending the program. Should interest rates reach that 20 percent range, though, I'm certain it will be a topic for discussion within our caucus.

MR. NOTLEY: Mr. Chairman, I have several other general questions before we get into specifics as we go through the estimates. First of all, I'd like the minister to reflect for a few moments this afternoon on the housing programs with respect to native Albertans. We've seen some progress in those areas. As I look at the elements, I note an increase in the Metis program, and a very small increase in dollar terms — in percentage, quite large — in rural and native housing.

[Mr. Appleby in the Chair]

I'm interested in what this minister can bring to the committee in terms of the government's position on native housing, especially in light of the comments we had from the Premier the other day in question period that if it's not possible to clarify jurisdiction, especially for Alberta's Metis population, the enrichment and improvement of programs that are in place will not continue. I'd like to know what that means in terms of housing programs in particular, what alteration or contingency plans the department has that might be impacted by this jurisdiction question as far as Alberta's Metis people are concerned. It is an important question, and we should have some indication as to where the government stands, Mr. Chairman.

There are other departments affected by this in an equally important way, but certainly much of the social housing pro-

gram in this province has had an impact on Alberta's aboriginal people. So I'd like the minister to bring us up to date on that issue, and we could go from there. Because I do have several other general questions, perhaps rather than sort of putting them in a disjointed way, I might ask just that question and we can go from there.

MR. SHABEN: Mr. Chairman, with respect to housing for native Alberta families, Alberta has, without a doubt, the most extensive housing programs for native Albertans of any province in Canada. I would like to just run through them and give the members an idea of what we're doing in each program.

The rural home assistance program is unique in Canada. This program operates in 35 principally isolated communities in Alberta where, in co-operation with communities, we provide to the communities grants that are sufficient to meet the cost of materials so families can build their own homes. Under this program more than 600 homes have been built in isolated communities, where they are held clear title by the individual families. The decisions are made by the local community in terms of prioritizing the families, based on their need and their family size. That program is a very successful one and has been well received in the communities. Of course we work closely with the other departments of government to help provide the labour component of the rural home assistance program, either through the Opportunity Corps or through other programs.

The rural and native housing program is a program we cost share with the federal government, and we have allocated 250 units for the current year. This program involves low-income families, not restricted of course to native people, where 25 percent of their income applies toward the principal and interest. At the end of 25 years, they own their own home. A number of those units have been built that are rental.

We also have the rural mobile-home program, where we have provided about 1,100 rural mobile-home units. We are in the process of modifying the guidelines for that program. It has been rental, but we propose to accelerate the opportunities for ownership by the families who are living in them. I have had discussions on those guidelines with the president of the Federation of Metis Settlements as well as the president of the Metis Association. At the present time, we have nearly finalized the guidelines. The proposal will be that families who are living in them, who have made their payments and are up to date, will be able to assume ownership of those mobile homes at the end of eight years. It's a terrific way of meeting the housing needs of many people in rural Alberta who choose that lifestyle, in terms of the mobile home. Albertans are fond of mobile homes; more than 50,000 Albertans live in mobile homes.

We also have the transitional housing program, where we work with the Minister of Manpower, respond to requests, and provide housing in certain select communities where families, while they're in that job-training situation and moving into employment, can move into transitional housing. At the end of two years they have an opportunity to purchase it.

In addition to the many programs for Metis people, including housing registries, we fund three housing workers who work with the Metis Association and with the Housing Corporation in assisting native families. Treaty Indians can access our seniors' home improvement program, and we will also be undertaking a pilot senior citizens' project on one or two reserves this year and next year to assist senior treaty Indians in home ownership. I should make it clear that those are pilot projects we've responded to.

That's an outline of the native housing programs, which are very extensive and comprehensive in terms of meeting the

housing needs of native families. It's clear that needs can arise rapidly, and it's an area that needs continuing monitoring and close attention. That's why in the report of the consultant, there is the recommendation, in which I concur, that the rural mobile-home program be moved out of the Alberta Housing Corporation and into the department, where the rural home assistance program is now located, so the two programs are operated under the department.

MR. NOTLEY: Mr. Chairman, if I can just follow that along for a moment. I appreciate the outline the minister has given on native programs. However, Mr. Minister, my question was not with respect to the programs that are in place at the moment. I think your outline has given us a good appreciation of them. My question was directed to the issue of what the government's policy will be with respect to any or all of these programs, particularly those that directly impact on Metis people, should we not have a declaration of jurisdiction.

I raise it in light of questions I put to the Premier the other day, when the Premier indicated that should there not be a clear position by the Metis people of Alberta, it would be difficult to continue to improve Alberta government programs. In Oral Question Period, that's about as far as one can take it. It still remains a fairly general assertion. However, if that is the position of the government as enunciated by the Premier, that obviously is going to have some impact department by department. I'd like to know what impact, if any, that announcement will have on the programs the minister outlined. Which of these programs might be modified? Or are there contingencies to alter any of these programs, given the Premier's assertion that failure to resolve the jurisdiction issue might prejudice continued improvement of existing provincial programs?

MR. SHABEN: Mr. Chairman, the peak activity in terms of the housing programs provided to native Albertans occurs during the summer months. The activity begins in April or May, and the construction activity is at a peak during the summer. With the allocation that is included in the current budget, we will proceed, throughout the course of the year, on the basis described by the Premier. We don't believe the conclusion of the matter of jurisdiction will interfere with the activities of the Alberta Housing Corporation, the Alberta Home Mortgage Corporation, or the department, in terms of delivery of programs. I think we would be leaping way ahead to conclude that this matter would not be resolved. So from our perspective in the corporation and in the department, we are proceeding to deliver programs and modify them as though a satisfactory conclusion had been reached on the jurisdiction question. Until we are aware that that has not been reached, we won't change our program delivery.

MR. NOTLEY: Mr. Chairman, I'd just like to observe that I am glad to hear the minister's answer. Just so I'm not misinterpreting government policy, I take it then that the Premier or the Minister responsible for Native Affairs has not advised the Minister of Housing to prepare any contingency plans whatsoever at this stage for the alteration in existing programs. As I recollect the answer the other day in the House, there would be no change in any event. I think the Premier specifically ruled out any change in any programs during this budget year. So that's not the issue. I realize that the minister would, through his department, ensure that these programs flow in the normal course of events. The question, however, is whether or not there are any contingency plans being considered by the Department of Housing with respect to alterations or modifications as we prepare the budget for 1985-86.

MR. SHABEN: Mr. Chairman, as I indicated, the housing activity occurs during the summer. Should a conclusion be reached by the end of the calendar year that there is a change by the government in terms of delivery of programs, there is adequate time for us to adjust our program delivery. But until the end of the year occurs, which provides adequate time for preparation of the '85-86 budget, we won't be making any modifications to the programs.

MR. NOTLEY: Mr. Chairman, again to clarify so there is no misunderstanding: the minister has not been asked by anybody to prepare, if you like, a hit list of programs?

MR. SHABEN: Mr. Chairman, I am always aware of government policy in a broad sense and am responsive to it, so special instructions are not necessary.

MR. NOTLEY: Mr. Chairman, fair enough; that's a nice answer. However, that answer worries me somewhat more than the answer two questions ago, because two questions ago we were carrying on with these programs. Does the minister's understanding of broad policy lead the government to the conclusion, through this minister, that between now and the end of December he will be asking somebody in his department to do an evaluation of what modifications might occur should agreement on jurisdiction not take place?

MR. SHABEN: Mr. Chairman, I really have no way of knowing whether or not I'll be asking that question.

MR. NOTLEY: However, Mr. Minister, you have not asked anybody as of now?

MR. SHABEN: No, Mr. Chairman, I haven't asked anyone.

MR. R. SPEAKER: Mr. Chairman, to the minister, to follow up on our earlier discussion with regard to the department itself. I want to clarify what I was saying to the minister. I believe that every minister in government should work towards eliminating their role. If the people and the private sector can do it, all the better. That would make the best minister. That would actually be a record, for someone to do that kind of thing. When I made those remarks, I think the minister took it rather personally, that I was saying the minister wasn't doing a good job and should resign. That's not what I was saying. I was talking about the functions being performed. Could they be performed somewhere else, and could we as well maybe cut back on some of the administrative costs in government? So the minister understands that and so it's not misinterpreted, that's really what I was saying. I'm not aiming at the minister; I'm aiming at the duties being performed and whether they can be done in another way.

The specific thing I want to raise with the minister, though, is with regard to the programs to which the minister made reference. Those are the four-plex, six-plex, and eight-plex self-contained units for senior citizens. The minister mentioned one in my constituency, specifically Vauxhall. I would appreciate confirmation of that project going ahead at this time. As well, in a broader sense, the minister has committed to 500 of those kinds of units across the province. Can the minister announce the other localities of those structures at this time?

MR. SHABEN: Mr. Chairman, we're very close to finalizing the 500. At the moment we are in general agreement in terms of the need in communities for approximately 395 of the 500. As I indicated to the earlier question by the Member for Leth-

bridge West, we have requests for about 4,000 units. So it's a very difficult process, in terms of determining the final allocation based on need by seniors in the community for those projects. I can't give the hon. member a definitive yes on the particular project. But in the next couple of weeks we will finalize it, and I'll make the information available to all members of the Assembly.

MR. R. SPEAKER: Mr. Chairman, to the minister, specifically talking about the project in my constituency. In terms of the holdup in the '83-84 fiscal year with regard to site and the acquiring of land, has that been resolved to the minister's satisfaction? Is that the only impediment at this time, or is there some other impediment that may delay approval of this project?

MR. SHABEN: Mr. Chairman, I'd have to check that, because I don't have the information on all the projects in front of me at the moment. But subject to checking, I believe that the land difficulty in Vauxhall has been resolved.

MR. R. SPEAKER: Mr. Chairman, just as a comment by the member from that area. I urge the minister to approve that project. I know the citizens in the district appreciated the earlier approval very much. It's being well used, and the residents are very excited about it, as they are in a number of other towns and villages of my constituency. So they are appreciated and well used.

MR. MARTIN: I have just a few other questions. Mr. Chairman. One goes back to something my colleague was taking about, in terms of the price of land in boom times. I'm well aware that we don't face that problem when we're in a recession, a depressed market. But we hope that at some time the economy will rebound, and I think it is something that could be a problem again. It seems to me that there are a couple of ways to go. Again, I'm not talking about developers, because they perform a productive role. We're talking about people that just buy land and sit there and hope something's going to happen. There's really no useful — it doesn't create jobs; it doesn't do anything other than drive up the price of land and hurt the small builders. I know the minister is not going to make a policy statement here today, but I hope the government is looking at this problem as the economy at some point rebounds.

There are a couple of ways we can go. I refer the minister to a study I believe was out of his own department — it's vague: I remember seeing it years ago. It showed that at times in Alberta we were paying much more for land than, say, people in Montana. If I recall, there was a comparison of Edmonton, Calgary, and Lethbridge, with cities in Montana. I believe it showed vividly that if there isn't competition in the market, if we don't have government land banking and we have private land banking, as they indicated in that study, and we don't have competition — we have to go one way or the other — we were paying significantly more for a house because of that problem. I believe the minister is aware of the study I'm talking about. Because of those types of studies in the Department of Housing, I would really suggest — I know it's not imminent; I don't think we're going to have a rush again tomorrow. But at some point, if the economy rebounds, we could be back into some of the same problems. Mr. Chairman, to the minister, if I can make a plea, I hope they look at some policy, either land banking or, if they can't go any further in that direction philosophically, at least putting more competition into the market, as they do in Montana.

The question I have specifically for the minister makes sense in terms of the recession. Obviously there's a downsizing in the minister's department, a total decline of almost 24 percent, I believe, in terms of the amount of money needed by the department in this budget year. I guess I have to ask the obvious question in a general sense, though, when we look at support services. We see that generally there is a 34.2 percent increase. Just taking a quick look at that, it would seem that we're going to have more support services doing less. I ask the minister why we need a significant increase in this level, things having to do with the minister's office, deputy minister's office, and administrative support, at a time the rest of the department is downsizing.

MR. SHABEN: Mr. Chairman, there were two questions. I think the latter question might be dealt with as we go through the votes.

On the first question, with respect to land banking, I think I commented on that. I recall the Montana/Alberta study, and of course studies done now indicate that there has been a significant decline in construction costs in Alberta. A lot of factors have entered into that. Had we undertaken a cost study comparing British Columbia and Alberta, it might have been different. There were — and I think I responded earlier — a large number of factors that went into those cost differentials. One of them was land, but a number of other factors enter into it.

With respect to land banking, I think the fact that we have not moved to a policy of selling off the land banks in today's market indicates that we're reviewing the entire land banking situation. The long-term land banking was clearly undertaken for a 40-year time span to help meet Alberta's needs. The land banking undertaken through AHC under our land assembly and land banking is generally for an immediate to 25-year period. So the assessment I referred to in question period earlier has not yet been completed. Clearly it's a moving target to respond during a short period where you have a downturn in the economy, when the original policy was to meet needs for a period of immediate to 40 years. But the short answer is that we don't plan to unload these land banks quickly or at discounted rates.

MR. MARTIN: Mr. Chairman, to follow up in that area. I'll wait for the other question and ask that right off.

Going back to the Montana study, I agree with the minister that it would be very different now because, of course, the economies of Montana and Alberta are very different. My concern is not when we're in a recession, because that will certainly level off the price of housing and everything else. And that has happened in Alberta in the last three or four years. Mr. Chairman, I guess what I'm asking in a more general sense is: if the economy does rebound, have we learned anything in terms of how we could deal with the problem in the future? The minister is right about the difference, as I recall. It's been a while since I looked at it. As I recall that particular study, there were other factors, but the biggest factor in the differences was the price of land in Montana and Alberta. They didn't have land banking of course, but they had a number of small companies. The marketplace seemed to be working more effectively there at the time.

I guess my question deals more with the future. It isn't specifically a problem now in the middle of a recession. There seem to me to be two ways to go: either public land banking, which we're into to some degree to keep land prices down, which was the biggest factor at that time, or, on the opposite end, some way to have a lot of small developers competing, as seemed to be the case in that study in Montana. I don't think it's healthy for anybody if we're paying huge prices for land.

It's not helpful for the builders or for anybody but the speculators.

As I said, if the economy rebounds in the future, as we all hope it does, it seems to me there are one or two ways to keep land down. I can't think of a third way; maybe the minister has a third way. If the economy rebounds, what would the government look at to keep the price of land as low as possible so developers can make a profit and people can afford decent housing? Is there one direction or another in which the government would be leaning?

MR. SHABEN: Mr. Chairman, I hope members will clearly differentiate between the price of land and the price of a serviced lot, because there is a huge difference. Earlier in response to questions, I indicated that there are a variety of components that go into the price of a serviced lot, raw land being only one of them. I used the example of the difference between raw land costing \$10,000 an acre and \$30,000 an acre, approximating a difference in final lot price of about \$4,000, even though the raw land cost is three times greater. There are a number of other factors. One of the things we have in the department is our innovative grants program where planners, builders, and individuals approach us with ideas and concepts they want to develop to make housing more affordable or to test new ideas. Any member of the Assembly is welcome to have a look at the library of work that has been developed. There is access to the public, and the public does use the information that has been developed.

Subdivision design is clearly an important question that determines the final price of a lot. I referred earlier to the regulatory process that my colleague the Member for Edmonton Whitemud is addressing in terms of regulation. The overlays by planning commissions, municipalities, and neighbourhoods all add costs to the final price of the lot. The requirements by our Department of the Environment in terms of utilities, drainage, servicing, and so on, add to the price of the lot. The labour climate that occurs at a particular time, in terms of wage rates and the availability of contractors, adds to the final cost of the lot. So all of those, including the price of raw land, are factors. If you closely examine all the factors, the raw land cost is only a part, and often a smaller part than the other factors I indicated.

What are we doing about it? I think the industry is innovative and responsive, and they are responding to the market in terms of designing subdivisions that are more economical and doing housing designs that provide terrific value. It's clear that competition, innovation, and availability of supply are the keys to having affordable housing. We think those are the key factors, and those are the general areas we will try to achieve by government policy.

MR. MARTIN: Not to go on with this forever, Mr. Chairman, but I think it's an important point. I recognize what the hon. minister is saying, that subdivision design, regulatory processes, labour, and everything else all have some impact — I would say some small impact overall, and this is where the minister and I may disagree — on the final cost of buying a house. Certainly everything that goes into it does. But the point I'm trying to make, if I recall that study correctly, is that the biggest difference between Montana and Alberta had to do with land generally. I would say the land was higher in Alberta to begin with, and the problem was that there was not much free enterprise in the market compared to the Montana situation.

It seems what was happening in Alberta was that the same people owned the land and became the developers. Of course at that time we were hearing cries — at least I was — from many small builders that wanted to get into it, similar to what

was happening in Montana. I guess my point is that during the good times, we had a form of land banking. What we're talking about is if the economy rebounds, Mr. Chairman. But there was not much competition, and that of course drove the price up. I guess my question to the minister was: recognizing all the other costs, I'm talking specifically about land and land development as being major costs and again stressing that the people that owned the raw land were often the people that developed it, that it was very hard for a small builder to get into it, as the minister is well aware. That was one of the things that study showed very clearly at the time. Again I recognize what the minister is saying; times have changed. I'm looking at if the economy comes back; we could be facing some of the same problems.

As I said, I'm trying to figure out where the government is, in terms of this issue of keeping the raw land down. That's what I'm talking about this time. There are a couple of ways to go. One is through public land banking; the other is to make sure there is free enterprise in the market. Certainly at the next stage, where you start to service and develop the land, it's very clear that you need free enterprise, if you like, in there or else we pay the price. There was great difficulty for small builders to get involved when the big private companies maintained most of the land around the cities.

I would give the advantage — I guess this would be my bias; maybe the minister has a better way — to public land banking. Then you can have a prorationing, if you like, and make sure that all the builders capable of servicing lots would have a chance at the land. That's one thing that wasn't happening in the boom times, at least not enough.

I'm just suggesting to the minister that now is the time to take a look at our policies for the future. Because once we happen to get an Alsands or something, or the price of oil happens to go up and there was a boom economy, we could be back in some of the same problems that were creating difficulties for us in the boom times. That's basically the point of following up with these questions at this particular time. I think that even though times have changed, we can still learn a lot from those studies his department did. The one I'm aware of, at least, was the Montana one.

MR. NOTLEY: Mr. Chairman, before we leave Vote 1, I have another couple of general comments on department policy. To second the comments my colleague made with respect to planning now, I just briefly say that the pause in the economy gives us an opportunity to put better programs in place in the future. As we pointed out, that includes a number of things, including a land speculation tax too.

However, I'd like to move, if I may, from the issue of residential housing to the whole question of senior citizens' accommodation in Alberta. Mr. Chairman, during the time we held hearings on medical care and social service policy in December, we had a number of submissions by various representatives of senior citizens. One of the concerns they expressed was the incidence in Alberta, Mr. Minister, of institutionalization of seniors. In many respects I think we have a lot of very beautiful publicly supported senior citizens' accommodations in Alberta. I'd be a little less than honest if I didn't point out to members of the committee that, as I'm sure all of us have, from time to time I have lobbied the government for facilities in the Spirit River-Fairview constituency.

But I think it really raises a sort of philosophical question, Mr. Minister. To what extent have we perhaps placed a little more emphasis than might be wise on facilities, where we can put people into self-contained units or lodges? Incidentally, I think the self-contained units are certainly a much more attrac-

tive setting than the lodges, although I realize that people progress. A person in a senior citizens' self-contained unit may go the next step to a lodge, the next step to a nursing home, to an auxiliary hospital, et cetera. While the question of home care doesn't come directly under the purview of the Minister of Housing. I think the provision of adequate accommodation for our seniors and the sort of global policy does involve the Minister of Housing working closely with the Minister of Hospitals and Medical Care and the Minister of Social Services and Community Health in the provision of a total global package.

We see now that there will be an increase in home care. I guess the first question I would put to the minister is: to what extent in the government's review in the last several years has there been a re-emergence of the need to keep people in their own homes for a longer period? Obviously we've seen some commitment to that with the home repair program; no question about that. But where do we draw the line in the concern that has been brought to us by the Council on Aging and other groups who say that in Alberta we've been just a little too quick to put people in institutions as opposed to keeping them in their homes longer, even if that means supplying the kind of backup services. Meals on Wheels, the kind of thing we see developing in Alberta but that still has some way to go in many communities. That's the first question.

The second question relates to the improvements we've made in the facilities across the province. I believe it was in 1959 that Mr. Manning announced the massive expansion of senior citizens' lodges. Alberta led in that area. We've seen some very beautiful lodges built throughout the province. But I think there has been a tendency, Mr. Minister — I'm not blaming you for it — on the part of the planners of these facilities to stick them in some part of town that may be the most picturesque but not as close to the centre as possible.

You were at an opening in the little village of Hines Creek. I really think the setting for the lodge in Hines Creek is the kind of example we might well encourage people to emulate. It's not the most beautiful location you could find in the village, Mr. Chairman. There are other more scenic locations in the village. But it's the best location, because the people who are in the lodge are really basically in the centre of town. So when sons or daughters come in to get the mail or pick up the groceries, it's just across the street. I think that proximity to the life of the community is very important. I'm not suggesting that we close down all the lodges that we've built half a mile out of town or that sort of thing. We can't reverse the past. But I think that kind of process, by which we recognize that we're not just shelving people off in the bush someplace off to the side but that our seniors are still very much a part of the community, is important.

The final question I ask the minister to respond to is on the discussions he's had with the Minister of Hospitals and Medical Care as far as the provision of extended care facilities is concerned. It's a different department, but again it seems to me that as people go through the different stages, from a home of their own, to the self-contained unit, to the lodge, we should try where possible to plan that nursing home or auxiliary hospital — and I talk about the 90-some applications that are still pending — close to the areas where we have existing facilities, so people can make that progression in their community where they have friends and neighbours. Rather than sticking a nursing home in this community to shut them up, sticking an auxiliary home in that community so they won't scream too much, and sticking an active treatment hospital in some other place — rather than sort of parcelling out these facilities — it seems to me that we should be looking at an integrated approach to

dealing with the entire problem of aging. Some of us, Mr. Minister, are perhaps at the stage in life where we're looking at that — at least some people tease me about that — in a little more serious way than we did a few years ago.

Let's take a look at how we can provide a more sensitive and creative environment for our senior citizens. I guess the final question I would put to the minister is: to what extent are we seeking out specific proposals, from the Council on Aging in particular, as to how we might plan our programs in the years ahead?

MR. SHABEN: Mr. Chairman, first of all I think it would be useful to indicate that although I provided the members of the committee with total numbers of units and applications, less than 15 percent of Alberta seniors live in institutions. So clearly the vast majority of Alberta seniors live either in their own homes or with their families in other accommodation. We think that's very, very important.

There are a lot of things going on in terms of the demographics and the changing age groups in Alberta. That is being reviewed internally and in discussions with seniors' organizations. With respect to multilevel care, the Minister of Hospitals and Medical Care and I are reviewing that matter. We have it under review and are studying whether improvements for seniors in Alberta can be made with changes to the multilevel care concept or expansion of multilevel care. The location of lodges close to amenities is very important, and that's the thrust of the corporation now in terms of siting either lodges or self-contained projects.

Home care is a key government program in terms of assisting families to stay in their own homes, as well as the most recent seniors' home improvement program, the pioneer home repair program, and the first seniors' improvement program. So there is a balance in terms of our programs. Members should bear in mind that the seniors' accommodation program, either by way of lodges or self-contained, is for low-income seniors. That is the area of concentration, along with the other programs provided by the Minister of Social Services and Community Health through home care, the seniors' home improvement program, the Minister of Municipal Affairs' rental tax assistance, the tax credit, and the various programs. Clearly there's a balance. Our focus is on seniors with low income, and that will continue to be our focus.

Agreed to:

1.0.1 — Ministers Office	\$ 251,790
1.0.2 — Deputy Minister's Office	\$ 143,840
1.0.3 — Administrative Support	\$1,103,810
1.0.4 — Personnel Administration	\$ 187,260
1.0.5 — Public Affairs	\$ 41,300

Vote 1 — Departmental Support Services

MR. MARTIN: Mr. Chairman, I'll just ask that quick question the minister asked me to [defer] to when we got to Vote 1, which we just passed. There is an increase of 34.2 percent in departmental support services when there's an overall downsizing in the department. I asked the question at the time, and the minister said he would refer now to just why that's happening.

MR. SHABEN: Mr. Chairman, under the minister's office, there was an addition of one individual. Under the deputy minister's office, the increase can be attributable principally to the costs of the required reorganization study which is carrying on. In administrative support, there was an additional charge

for data processing, particularly because of the mortgage interest reduction program and the huge mass of data required to be processed. In personnel administration, we added a man-year as a result of reclassification. Those cover the area of increases. Recognizing that it is 34 percent, it's principally related to the reorganization process that's been going on.

MR. MARTIN: Just to follow up, then. I accept where it has come from, but it would seem to me that when there's been an overall 23.9 percent [decrease] in programs in a time of restraint, there would have even been a cutback in terms of the support services. It seems like we have more to serve less. I wonder, I guess philosophically, why at a downsizing time Departmental Support Services is going up at all.

MR. SHABEN: Mr. Chairman, I thought I had described where they came from, and the principal reason is the intensive work we're involved in, in terms of the reorganization process. I also mentioned the electronic data processing that's a result of the mortgage interest reduction program and the detail work involved in that program.

MR. MARTIN: I accept where it's coming from; there's a reorganization. We have talked to businesses. We're told the private sector has had to downsize, that they have fewer employees, that this is the nature of the times, that we're in hard times, and all the rest of it. I still do not understand, even with the reorganization and one more in the minister's office, why we need a 34.2 percent increase to administer a 23.9 percent overall decline in terms of the amount of money. I still do not understand that.

MR. HORSMAN: Mr. Chairman, the hon. member might have to await his understanding. I move that the committee rise and report.

[Motion carried]

[Mr. Speaker in the Chair]

MR. APPLEBY: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

MR. SPEAKER: Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS: Agreed.

MR. HORSMAN: Mr. Speaker, tomorrow evening it is proposed that the Assembly sit again in Committee of Supply, continuing with the Department of Housing, followed by Labour and Municipal Affairs in that order.

I move that we call it 5:30.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

[At 5:28 p.m., pursuant to Standing Order 4, the House adjourned to Thursday at 2:30 p.m.]

