

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Monday, August 25, 1986 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

MR. SPEAKER: Let us pray. At the beginning of this week we ask You, Father, to renew and strengthen in us the awareness of our duty and privilege as members of this Legislature. We ask You also, in Your divine providence, to bless and protect the Assembly and this province we are elected to serve. Amen.

head: **INTRODUCTION OF BILLS**

Bill 34**Health Disciplines Amendment Act, 1986**

DR. REID: Mr. Speaker, request leave to introduce a Bill, being the Health Disciplines Amendment Act, 1986.

Among other things, this Bill permits the establishment of expert committees before the decision to designate, amends the appeal processes, adds psychiatric nurses to the schedule under the Bill, and also changes the name of respiratory technologists to respiratory therapists.

[Leave granted; Bill 34 read a first time]

Bill 265**An Act to Amend
the Municipal Government Act**

MR. HAWKESWORTH: Mr. Speaker, I request leave to introduce a Bill, being An Act to Amend the Municipal Government Act.

If adopted, Mr. Speaker, this Bill would amend section 164(b) of that Act through the insertion of the words "and cats" after the word "dogs." The Bill would allow municipalities to license and otherwise control cats in the same manner that is now provided for with dogs. This Bill itself will not directly provide for the licensing of cats but would enable municipalities to exercise that option if they so choose.

[Leave granted; Bill 265 read a first time]

Bill 37**Crowsnest Pass Municipal Unification
Amendment Act, 1986**

MR. BRADLEY: Mr. Speaker, I beg leave to introduce a Bill, being the Crowsnest Pass Municipal Unification Amendment Act, 1986.

This Bill provides for ministerial orders to do things similar to those provisions in the Municipal Government Act, which will now apply to the municipality of Crowsnest Pass if this legislation is passed.

[Leave granted; Bill 37 read a first time]

MR. CRAWFORD: Mr. Speaker, I move that Bill 37 be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

head: **TABLING RETURNS AND REPORTS**

MR. STEVENS: Mr. Speaker, I am pleased to table the financial addendum to the report of the Chief Electoral Officer on the general election of the 21st Legislative Assembly, Thursday, May 8, 1986.

head: **ORAL QUESTION PERIOD**

Labour Legislation Review

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister of Labour. On Friday, in announcing that his labour law review committee will do some globe-trotting in the usual high-rolling Conservative style, I believe the minister said that the committee will visit at least West Germany, Britain, and Washington, D.C. My question is: can the minister assure the Assembly that these are the only places the committee will travel to? If not, can he tell us what other countries are being considered for a visit?

DR. REID: Mr. Speaker, I can't give an absolute assurance. What I said was that those three countries would be on the itinerary. We may add others according to the indications. I've been reviewing a large amount of briefing material to do with different countries and their legislation.

MR. MARTIN: It looks like it could get bigger and better, Mr. Speaker.

Surely most people operate from a budget. Can the minister tell us how large the travel budget is for the committee, or is money of no concern at all?

DR. REID: Mr. Speaker, the concern of this committee and the process we have started upon is to thoroughly review the labour legislation of Alberta, to discuss with the general public of Alberta, employees, and employers other concepts that may or may not be advisable to introduce into the Alberta context. As I said, we will do that job thoroughly.

MR. MARTIN: Mr. Speaker, I take it then that there's no budget. We can just keep paying and paying for this nice little trip.

In the past the Official Opposition has received excellent and thorough information on labour legislation in various countries from the legislative research services. My question to the minister is: before deciding to jet off all over the world, did the minister do any comparison of the cost of sending the committee to the Legislature Library for a while as opposed to sending them on a world tour?

DR. REID: Mr. Speaker, I must say that having been back in the Assembly since last Thursday, I'm delighted the hon. leader has finally gotten around to questioning about labour legislation.

The situation is — and the hon. leader should know this, if he's had, as I have, much experience in the area.

Labour relations are not just a matter of statutes; labour relations are essentially a matter of attitudes between employer and employee or between the employer's representative and the employee's representative. We wish not only to study the statutes in other jurisdictions but to find out how they work from those who are working directly with them. That cannot be done in Alberta or in the library of the Assembly.

MR. MARTIN: There were 8,000 people out there who gave you their attitude. You could have moved by now instead of setting up a world junket, Mr. Minister.

My supplementary question to the minister: given that there is a good variety of labour legislation in Canada from other provinces, why is the committee focussing on going to foreign jurisdictions that surely are not applicable in this country?

DR. REID: Mr. Speaker, unlike the Leader of the Official Opposition, unlike many of my constituents who belong to organized labour, and unlike the gentlemen who have been on the front steps of the Legislature for some weeks — those people are different from the hon. leader. We believe that not all wisdom is to be found within the provincial boundaries of Alberta. There are concepts elsewhere in this world that may well improve the labour climate in Alberta, and in fairness to the people of Alberta those should be studied.

DR. BUCK: Mr. Speaker, has the minister given any consideration to including Sweden or some of the socialist countries in the study? The minister is well aware that he and I were on the legislative committee on workmen's compensation, and Sweden was one of those stops.

DR. REID: Mr. Speaker, having reviewed the briefing material that's been presented to me, I'm attempting — the committee will be meeting for the first time tomorrow, and I will be encouraging them to provide input. We're attempting to cover a spectrum of other countries. The government of Sweden is a socialist government at this time. On the other hand, other countries have had socialist governments at some times and conservative governments at others. Their labour legislation is not necessarily related to the calibre of the current government. Whether or not we will go to Sweden — I doubt it, in view of going to West Germany, which by and large has somewhat similar legislation. It may well be that Sweden and other countries will be on the itinerary.

MR. TAYLOR: Mr. Speaker, to the minister. It would be interesting to see what he comes back with from Uganda and Saudi Arabia. To save time and money, will the minister be splitting up the committee so that two or three will be going to different countries to come back with their different reports rather than the whole committee going to every country?

DR. REID: Mr. Speaker, we have not considered Saudi Arabia, Uganda, Bulgaria, or the U.S.S.R. The situation is that in view of their responsibilities and the nature of the people that have been selected for the committee, the intention is to have the whole committee travel together. The interaction between the members of the committee is just as important as the communication with the representatives of employees, employers, and governments in those other countries.

Automobile Insurance

MR. MARTIN: I'd like to direct the second question to the Minister of Consumer and Corporate Affairs. In Manitoba, Saskatchewan, and British Columbia, Mr. Speaker, age, sex, and marital status are not used as factors in determining automobile insurance rates. In Alberta, on the other hand, auto insurance companies are still allowed to discriminate based on these factors, despite the recommendations of the Human Rights Commission and the Charter of Rights. My question to the minister is: when is the government going to move to change this situation so the formula based on actual driving records of individuals is used instead?

MISS McCOY: In Manitoba, Saskatchewan, and British Columbia, Mr. Speaker, automobile insurance is of course offered by a company that is owned by the government. It is my information that the rating practices of those insurance companies have nothing to do with statistics or experience or any of the traditional methods by which insurance is indeed actuarially calculated.

MR. MARTIN: Mr. Speaker, that's true; it's based on actual driving records.

I'll ask the question again: when is this government going to stop discriminating and base their rates on driving records and tell insurance companies that they have to follow this?

MISS McCOY: Mr. Speaker, perhaps I could clarify. The word I used was "actuarial," as opposed to "actual." In insurance practice the prediction is not necessarily based on driving records of an individual. It is indeed based on the loss claim experience of a group or class. In Ontario and in Alberta it is that very tried and true practice that the insurance industry has been following for many years. Until July 1, 1987, an exemption is granted to the insurance industry in Alberta under the Individual's Rights Protection Act. That industry is even now studying the possibility and gathering statistics which it will come back to us with next year.

MR. MARTIN: A supplementary question following from the minister's answer, Mr. Speaker. I believe it's Order in Council 399/85. We know what the position of the government was then. What is now the position of this government on this matter? Are they going to bring in another amendment or order in council, or will they move to end this type of discrimination?

MISS McCOY: Mr. Speaker, there is not going to be any precipitous action by this government on this issue. I am always reminded that in days past it was a compliment to say that someone had discriminating taste. Discrimination means making a difference where a difference precisely exists. The protections we have in Alberta are directed to drawing a distinction where no difference exists. In the insurance industry the differences exist. It is one of those cases in which there is very properly a distinction drawn between one group and another.

Also, I would bring to the leader's attention an amendment that was passed to the Individual's Rights Protection Act which allows reasonable discrimination. I think that's the way it's worded in the statute, although I may be corrected in that regard. I would also point out that there is a case

in Ontario called the Bates case. It is this very issue that is now being litigated. We are watching that case with interest and will continue to do so.

MR. MARTIN: It's nice that you're watching with interest. The young people who are being discriminated against and paying huge amounts to insurance companies will really appreciate that you're watching it.

Section 15 of the Charter of Rights guarantees equality before the law and protection against discrimination based on sex and age and a number of things. My question is: has the minister determined whether or not the insurance industry's ability to discriminate in Alberta based on these two things, age and sex, does in fact violate our Charter of Rights?

MISS McCOY: Mr. Speaker, that is asking for a legal opinion; therefore, I cannot give any answer to it.

MR. TAYLOR: A supplementary to the minister. Would the minister inform the Legislature that they will launch an action to get the legal opinion she says she cannot give now?

MISS McCOY: Mr. Speaker, I did not say that I cannot get a legal opinion. Once again, let me draw the member's attention to the case that is being argued on virtually this very point in Ontario. It arises out of a human rights case. I think it has been before the High Court of Justice, and it is expected to go to the Court of Appeal of Ontario. As I said, we're watching that case with great interest.

Federal/provincial Energy Discussions

MR. TAYLOR: Mr. Speaker, to the Minister of Energy. A great deal of confusion is continuing to surround the removal of the petroleum and gas revenue tax. The Deputy Prime Minister, Mr. Mazankowski, said that negotiations toward reaching agreement for its immediate removal were to commence today while the Minister of Energy is saying that no negotiations will occur. Is the minister not aware that in the absence of a provincial plan the federal government will step in with their own plan for the money freed up from the PORT removal?

DR. WEBBER: Mr. Speaker, I want to thank the hon. leader for providing us with such valuable information. However, with respect to discussions between the federal government and the province of Alberta, officials from our department are meeting tomorrow with officials from the federal department to discuss the proposal the Alberta government put before the federal minister of energy and other important matters related to the energy industry of today. The federal government is very much aware of our position on the removal of the PGRT, so there's really nothing to negotiate there. We expect them to remove it as fast as they can. However, having said that, we are in discussions with respect to the proposal we put before them. I'm optimistic that we'll be able to make progress.

MR. TAYLOR: Mr. Speaker, it's nice to know that they're negotiating but they're not negotiating. Has the government met with the top 52 or so producers, for instance, to ensure that the \$700 million is reinvested in Alberta's energy sector when the PGRT is removed in early September, as the Deputy Prime Minister has predicted?

DR. WEBBER: Mr. Speaker, as I have already answered in this House many times over, we are not negotiating the PGRT. The PGRT is an unfair, discriminatory tax that the federal government has indicated they are going to be taking off. How they do that is their responsibility. Each day we expect it to come off. In terms of discussing proposals, we are looking at other things with the expectation that as we proceed to discuss these other things, it's a given that it will come off as quickly as possible.

MR. TAYLOR: Mr. Speaker, to the minister. That wasn't the question. I was asking about negotiating with the oil companies. Is it not the case, though, that the Alberta government really has no plan at all, and thus Ottawa is attaching strings for approval in order to tie up the removal of the PGRT?

DR. WEBBER: If I understand the question, Mr. Speaker, the hon. leader is wrong.

MR. TAYLOR: A final supplementary to the minister, Mr. Speaker. Why is this government not taking constructive proposals to Ottawa in order to safeguard against federal government interference yet again in our energy sector? Our lack of doing anything will let them in.

DR. WEBBER: Mr. Speaker, obviously the hon. leader doesn't listen. I indicated that in Calgary we laid forth a proposal to the federal minister, and that particular proposal is under discussion.

MR. PASHAK: To the Minister of Energy, Mr. Speaker. Among the proposals that are going to be discussed, is there one that would improve the cash flow position of the small oil companies, and will you provide details about that?

DR. WEBBER: Mr. Speaker, the proposal that we presented to the federal minister of energy is a cash flow stabilization proposal, and that is under discussion.

Wood Preservative Plant

DR. BUCK: Mr. Speaker, my question is to the Minister of the Environment and has to do with the Bradbury Industrial Group, which is looking at a wood preservative plant in this province where they will be using tetrachlorophenols — you notice the real name, Mr. Speaker — and pentachlorophenols. Can the minister indicate if an application has been received by the Department of the Environment to go ahead with this proposed plant?

MR. KOWALSKI: Mr. Speaker, no application has been received by Alberta Environment with respect to this proposed plant, although it's my understanding that today an application was forwarded to the county of Strathcona seeking a development permit for such a plant.

DR. BUCK: Mr. Speaker, to the minister. Will the minister indicate if there will be an opportunity for the people in the affected area to have hearings and public input?

MR. KOWALSKI: Mr. Speaker, should the application go beyond first reading for a bylaw within the county of Strathcona, it would seem to me that there would be several opportunities that might be required by the council of the

county of Strathcona asking for public hearings or meetings with respect to it.

As well, Mr. Speaker, I might add that before any approvals were given for such a plant to be located, it would first of all have to meet the requirements that are found under the Planning Act in the province of Alberta, the Clean Air Act, the Clean Water Act, and the land conservation and reclamation Act. If those requirements are all met, there is still an opportunity, as has been explained previously in the House, for the Minister of the Environment to require an environmental impact assessment with respect to such an application.

DR. BUCK: This is sort of in the area of hypothetical, Mr. Speaker, but I think these questions have to be asked. In the event that there is waste that will have to be disposed of, will the Swan Hills plant be available for the disposal of the dioxins which are a by-product of the process?

MR. KOWALSKI: We're certainly in the area of hypothetical, but it's my understanding that the Swan Hills special waste facility would be able to accommodate an opportunity to break down such chemicals.

DR. BUCK: Mr. Speaker, does the minister have any information for the Assembly as to — are there many plants comparable to this one that are looking at locating in Alberta because we will have the disposal site in Swan Hills?

MR. KOWALSKI: Mr. Speaker, there are no plants of this type that I'm aware of that are looking at Alberta. From time to time you hear rumours about new types of chemical plants wanting to locate in Alberta as a result of the soon to become reality special waste management plant in Swan Hills, but they're only rumours at this point in time.

MR. TAYLOR: A supplementary, Mr. Speaker, to the Minister of the Environment. Sensing a certain frustration in the answers, I'm wondering if the Minister of the Environment is contemplating changing the regulations so that any plant such as this would have to get an environmental assessment from you first rather than going through all the others, as it is now, and coming at you with a tremendous amount of work that has already been done. Why not come to you first?

MR. KOWALSKI: Mr. Speaker, there is no frustration in the person of the Minister of the Environment. It just happens to be Monday, and it's a new week. One would rather be home than here.

There's no intent to change any of the procedures. I believe that the system of government which allows local people to be the first to be apprised of any developments required or requested within their area has always served us well in the past.

MR. HAWKESWORTH: A development permit is something required at the municipal level. Will there be any public hearings prior to any of the permits that are required at the provincial level being issued?

MR. KOWALSKI: Under the provisions that are currently in place at both the local and the provincial levels, should there be an environmental impact assessment and should there be an application, the environmental impact assessment would certainly require a public meeting and hearings that

would allow people in the area to voice their opinions and views as well as to allow the people of Alberta to voice their opinions and views with respect to half a dozen particular matters that were outlined in a document that was made public as the policy dealing with environmental impact assessments written in December 1985.

Tyrrell Museum

DR. WEST: Mr. Speaker, to the Minister of Culture in regard to the Tyrrell museum at Drumheller. Could the minister indicate the public response and usage of this facility from its start-up date till now?

MR. ANDERSON: With respect to the Tyrrell museum, Mr. Speaker, the usage rate passed the 500,000 person mark last Monday, which far exceeds the estimates that were made before the museum started and when the museum was first opened. In terms of response, I haven't yet received anything but a positive response from the public who have visited the museum, both Albertans and those from outside our province.

DR. WEST: A supplementary. Is there any indication in those numbers you just gave of the out-of-province or out-of-country usage?

MR. ANDERSON: Mr. Speaker, there was a survey completed awhile ago of in excess of 900 people who were in attendance at the museum. If my memory serves me correctly, just over half of that number were from the province of Alberta and almost half from outside the province. The large percentage of those from outside the province were from other parts of Canada, with a significant number — I'd say in the neighborhood of 15 percent — from the United States.

DR. WEST: A supplementary to the minister. In consideration of the fact that there has been no charge for entry to this facility to date, is the minister or his department considering a gate charge to recover operating expenses or administration costs? Have you any indication of what those costs are to date?

MR. ANDERSON: Mr. Speaker, the member raises an interesting question; that is, whether or not we should charge entrance fees to that particular facility or any number of others that Alberta Culture is responsible for. We are looking into the possibility, though I might say that in doing that, we are taking into account the effect that might have on attendance at the Tyrrell museum in particular and at others in the province and what the costs would be of implementing such a program. At a time of economic restraint the member raises a point which is well considered and which the department is looking into.

Oil Recycling

MR. PASHAK: Mr. Speaker, my questions are to the Minister of the Environment. Given that some 100 million litres of waste oil are produced annually in the province of Alberta, what assurance can the minister provide that these oils are disposed of safely?

MR. KOWALSKI: Mr. Speaker, we've had in existence in the province of Alberta for a number of years a program

called oil drop, the Alberta oil recycling program. There are located in a variety of municipalities in the province of Alberta, I believe some 40 to 45 in rural Alberta and some 250 or so spots in urban Alberta: facilities whereby individuals can drop oils off and have them delivered to storage sites or to two refiners in the province of Alberta that recycle these oils.

MR. PASHAK: I wonder if the minister could give us some idea of how effective this is. What percentage of the waste oils actually wind up in recycling depots?

MR. KOWALSKI: It's my understanding, Mr. Speaker, that it's in the neighbourhood of approximately 20 percent. The program has been in existence for only half a dozen or so years, and it would be our hope that in the future that percentage of turn-ins of old oils would rise compared to the total.

MR. PASHAK: Mr. Speaker, does the minister have any plan for legislation that would require a surcharge to be placed on the sale of oil, which could be refundable when the oil is returned to a receiving depot?

MR. KOWALSKI: There's no such plan at the moment, Mr. Speaker, but it strikes me as being a kind of interesting idea for a new tax in the province of Alberta. It is my understanding, however, that the two refiners, Hub Oil and Turbo Resources, provide a small compensation to individuals that ranges between 1 cent and 10 cents per litre depending on the distance of the oil drop from either of their refineries.

MR. PASHAK: A final supplementary, Mr. Speaker. I have a petition with respect to environmental problems associated with the recycling depot in Calgary, my constituency. My question to the Minister of Environment: would the minister outline the steps he proposes to take to ensure that the concerns of these citizens are satisfied with regard to the location of the Hub Oil plant?

MR. KOWALSKI: A number of initiatives have already been taken with respect to that plant, Mr. Speaker. In April of this year an air quality directive was issued that called on Hub Oil to undertake some nine or 10 changes with respect to their operation. During the time frame of April, May, and June there were a fair number of calls and letters to my office and offices of Alberta Environment with respect to odours emanating from that particular plant. As a result of the air quality directive that was initiated and the changes implemented by Hub Oil, the number of contacts from individuals in that part of Calgary has dropped to one or two.

Because of the amount of interest that was generated with respect to that, I've put a time frame on my agenda for the fall of 1986 to take an opportunity to visit that plant and, number one, see firsthand what the plant does and, secondly, ensure that those things that were directed for the plant to do under the air quality directive have in fact been fulfilled and to learn more about the plant in question. Should the hon. member be free to visit the plant the morning or afternoon I'm in Calgary and should he wish to come along with me, I'd be delighted to have him.

MR. CHUMIR: To the Minister of the Environment. Does the Department of the Environment have a comprehensive

strategy not only for dealing with the matter of waste oil but for recycling wastes of many kinds in our community, including paper and other types of waste?

MR. KOWALSKI: One of the major initiatives of 1986 by the Environment Council of Alberta is hearings on recycling that are currently going on. I've directed the chief executive officer of the Environment Council of Alberta to ensure that he brainstorm as much as he possibly can and deliver to me a report that will in essence cover the widest variety of ranges and options that might be available with respect to this whole question of recycling.

I might point out as well, Mr. Speaker, that in a matter of several weeks we'll be making public, in concert with the city of Edmonton, an innovative program that will be unveiled in three parts of the city dealing with curbside recycling.

Heritage Savings Trust Fund

MR. MITCHELL: Mr. Speaker, my question is to the Treasurer. The government has from time to time stated three objectives for the Heritage Savings Trust Fund: diversification of our economy, income to substitute for our depleting nonrenewable resource income, and rainy day liquidity. Can the minister confirm that only 5 to 10 percent of this fund has been allocated to projects promoting real diversification beyond energy and agriculture?

MR. JOHNSTON: Mr. Speaker, when you start to become selective in the definition of the word "diversification" — you could limit any number of words down to a very narrow point. I recall the card trick I used to do when I was six. I'd pick a two of hearts and put it behind the deck of cards. I knew that was the card, and after a process of selection, you can limit it down to that card.

Everyone knows that the heritage fund is performing in a variety of diversifications, Mr. Speaker. If we wish to go through and enumerate some of those diversifications, of course we have an opportunity both here and in the Heritage Savings Trust Fund committee of the Legislature to discuss the appropriateness of those diversification initiatives. But I think it's clear that some of the initiatives are very outstanding moves by this government, ones which have a lasting and substantial impact, both presently in terms of jobs and economic growth and in the long term in terms of real capital formation, generation of longer term jobs, security of economic growth, and to add something above and beyond a normal budgetary item to the economic future of this province. That's the vision we talk about in the heritage fund, and I think it has been recognized by the people of Alberta over the past three or four elections.

In the case of irrigation, for example, that in itself must be seen to be an agricultural diversification where we're upgrading the arable soil of this province to ensure that there's a broader based irrigation proposal which would protect certain parts of the province from the vagaries of weather and, as well, add to agricultural upgrading or processing such as beef and other kinds of manufacturing potential.

With respect to the diversification of education, clearly that must be seen to be a great opportunity to bring intellectual potential here. The Heritage Savings Trust Fund scholarship program assists more than 4,000 students every year, and I know that in itself must be seen to be part of

the intellectual diversification of this province. I could go on, Mr. Speaker.

MR. MITCHELL: Mr. Speaker, it's interesting that the minister refers to card tricks and underlines his verbal sleight of hand in answering some of these questions.

The second objective: rainy day liquidity. Could the minister confirm his statement in July in this House that the Heritage Savings Trust Fund has only about \$1.7 billion or \$1.8 billion of real liquidity, and should he note that he will be borrowing this real liquidity for the agricultural stabilization loan program?

MR. JOHNSTON: Mr. Speaker, that in fact is true. Through the good management of the resources of the fund, we've been able to use the ongoing revenue from the fund and transfer to general revenue to the extent of about \$1.5 billion, and that essentially removes the need for a sales tax in this province, a unique feature which this province has in Canada. But at the same time, we have been able to manage liquidity of funds so that there is on a short-term basis approximately \$1.7 billion in short-term liquidity. We will not just take that money and transfer it to the small business program or to the farm credit stability program. We may use it on a short-term basis for that purpose but also on a short-term basis to finance other needs, including the Capital Fund project and the General Revenue Fund, until we can get in place a longer term borrowing program.

As I pointed out before — I've taken some time to outline that that's a good management position to take. As the market varies in terms of its appetite for Alberta government triple A bonds, as interest rates tend to change, or as other governments start to enter the market, we have this liquidity that we can use to see us through the short-term period. We're not backed against the wall in terms of having to go to the market for borrowing requirements, and that's why we're able to maintain, through a policy of good management, that liquidity to allow us to make that short-term swing between long-term needs and short-term requirements: good management in my view, Mr. Speaker.

MR. MITCHELL: It just depends how short is short term. The last of the liquidity is basically gone is what you're saying. Thank you.

Liquidity: could the minister please tell the House why he continues to include the \$2.4 billion of deemed assets in the Heritage Savings Trust Fund when this government's own Auditor General has been insisting since 1978 that this is categorically wrong?

MR. JOHNSTON: First of all, Mr. Speaker, the term "asset." An asset is a use potential. I can clearly say that those assets within the heritage fund that have use potential are shown as deemed assets, deemed in the sense that they're paid out of the heritage fund from the capital projects division and have a very long-term impact in this province in terms of irrigation, in terms of a lot of investments which we made from the capital projects division. I think for sure that the people of Alberta want us to show those up front, because they have a sense of pride in that fund. They have a uniqueness that they know no other province has, and they want to tell their colleagues across Canada about the advantages and the excitement that the heritage fund has brought to this province.

MR. MITCHELL: Maybe we should include all the hospitals in this province in the Heritage Savings Trust Fund.

Finally, income: can the minister confirm that the Crown corporations which pay most of the interest earned by the Heritage Savings Trust Fund have recorded in their last reported fiscal years total losses of \$350 million? What kind of reliability is there in this kind of income to our Heritage Savings Trust Fund?

MR. JOHNSTON: Mr. Speaker, the member should take a little longer to do some research. He will find out that any of the deficits of the agencies are funded from the General Revenue Fund, dollars which have already been voted by that member. Therefore, it's not at all the normal kinds of losses which are found in other kinds of private-sector operations. The security of our investment in those agencies is strong. We have allowed the money to flow from the agencies themselves to engender such things as agricultural development and construction. There are a lot of people that have their own homes in this province. We've ridden through a lot of adversities which have gone against the economy of this province by using the heritage fund. The return to the heritage fund is good. The transfer takes place between the heritage fund and the general revenues, as I explained, and it maintains the equilibrium between the two funds. Wise investment, good management, and the people of Alberta agree with that.

DR. BUCK: Dickie must have had a good weekend.

Mr. Speaker, in light of the fact that we are running a huge deficit, is the minister in a position to indicate what one percentage point of sales tax would do to bring in revenue in the province? I'm sure the minister's department has done some studies, and he should have that information. What would one percentage point of sales tax do as far as generating revenue to the province?

MR. JOHNSTON: Mr. Speaker, I must say that I haven't recently run the numbers. I recall the member suggesting three years ago that the budget of 1982 would include a sales tax. Fortunately, that didn't come about. I hope I'm not the Provincial Treasurer who is known to be the one who introduces a sales tax.

MR. McEACHERN: Mr. Speaker, my question to the minister is: would he consider bringing more and more of the matters relating to the heritage trust fund under the purview of this Legislative Assembly so that the government can take advantage of the ideas that members here have about diversification?

MR. JOHNSTON: Mr. Speaker, there are so many opportunities to debate the heritage fund. I don't have to draw to the member's attention the fact that there's a resolution on the Order Paper right now. We've gone through the heritage fund appropriation: a full 10 days provided for in *Standing Orders*. It looks like it's adequate, because we got them through in five days. We have an opportunity in the heritage fund committee of this Assembly. I'd be glad to entertain other ideas, but we need to see the ideas before we can adjust. Frankly, they haven't started to come.

MR. HYLAND: A supplementary question to the minister. I wonder if the minister could confirm to the Assembly that the Auditor General is employed by and a servant of

this Assembly and not a servant of or employed by the government?

MR. SPEAKER: A point well made.

Suncor Fire

MR. ALGER: Mr. Speaker, my question this afternoon is to the Minister of Energy. A great fire of no small consequence erupted at the Suncor plant near Fort McMurray. Has the minister been advised as to how many people may have been hurt at the scene of the fire?

DR. WEBBER: Mr. Speaker, to answer the question directly, there were no injuries and no loss of life in the fire that broke out this morning at 5:40. It was under control less than an hour later. The fire was in a particular unit, the kerosene unit. There are two other units, the naphtha and the gas/oil sections; the fire did not occur in those sections. Those sections will be up and operating within hours.

MR. ALGER: With all that communication with the Suncor people, has the minister been advised as to the assessment of damage caused by the fire, the actual cost?

DR. WEBBER: Mr. Speaker, the Suncor investigation team is doing that assessment this afternoon, and hopefully within a matter of days we will have the results of that assessment. I'm optimistic that this particular unit will be fixed up and that it will not result in a lengthy delay. We saw a story this morning where it was predicted that the plant would be down from three to six months; that is entirely incorrect. It is just a media assessment. You can see that that's not going to be the case.

Appointment of Judges and Prosecutors

MR. WRIGHT: Mr. Speaker, my question is to the Attorney General. In view of the exceptional reluctance of Alberta prosecutors and judges, exceptional by Canadian standards according to a very recent survey out of the University of Calgary, to acknowledge the rights given by the Charter of Rights to persons accused of crime, what training in the implications of the Charter does the Attorney General propose for these two groups of legal functionaries as guardians of the people's rights?

MR. HORSMAN: Mr. Speaker, none.

MR. WRIGHT: Mr. Speaker, this is not a flippant matter. What general legal training does the department lay on for the prosecutors on the one hand and the judges on the other: Court of Appeal, Queen's Bench, or Provincial Court?

MR. HORSMAN: Mr. Speaker, prosecutors are required to be members of the Law Society of Alberta, and they must be practising lawyers in the province or obtain the right to practise. They are hired on the basis of competition, and in the process training does take place relative to their responsibilities within the role they play as agents of the Attorney General in various places in the province.

Insofar as training judges, Mr. Speaker, that is not the responsibility of the Department of the Attorney General, nor do I believe it to be a reasonable suggestion that judges should undergo some degree of training by a department of government. At the provincial court level judges are

appointed, as members are aware, by a process after review by a judicial council, pointing out once again, as I've done in the past in this Assembly, that provincial court judges appointed in Alberta are processed through that model which is now being reviewed by other provinces.

As far as judges appointed by the federal government, there is more attention being paid now to the process by which judges are appointed in terms of the consultation with the Bar in the provinces. But it is certainly not my view that it is the responsibility of the Department of the Attorney General or the government to train judges.

MR. WRIGHT: Mr. Speaker, a supplementary. What steps, though, does the Attorney General propose to help the cause of liberalizing the thinking of judges by insisting to the Minister of Justice that political affiliation or support have nothing whatever to do with the appointment of Queen's Bench or Court of Appeal judges?

MR. HORSMAN: I'll be meeting with the federal Minister of Justice early in October at the annual meeting of attorneys general of Canada. The interesting notion promoted by the hon. Member for Strathcona will, if there is time, be brought to his attention.

MR. WRIGHT: Mr. Speaker, how much longer will the government of this province tolerate for the highest two groups of judges in this province a method of appointment which elsewhere in the old Commonwealth has, for this century at any rate, been dead as the dodo because it is so grossly unfair and inefficient; namely, political patronage?

MR. HORSMAN: The hon. Member for Edmonton Strathcona has heaped abuse upon the judiciary in the last few remarks, which I reject.

MR. WRIGHT: The system, not the judiciary.

MR. HORSMAN: It's very, very interesting, Mr. Speaker, how one draws the line between heaping abuse on the judiciary and on the system that gets them there. The judiciary in Canada has a remarkable record of impartiality, and despite the fact that some of the judges may have had political involvement prior to their appointment, they have displayed on the bench ... [some laughter]

Those who laugh opposite may wish to continue to abuse the judicial system and the judicial appointments and the people who occupy the benches of the judges in the province. I reject that as total and utter nonsense. We have a council in this province which has been cited by the Canadian Bar Association as a model for the rest of Canada to follow. I reject these slurs on the judiciary of this province.

MR. SPEAKER: The Chair recognizes that there is a great deal of concern with respect to at least two citations in *Beauchesne* with regard to the delicacy of this line of questioning and requests that the remainder of the questioners on this take extreme care.

MR. CHUMIR: A supplementary to the hon. Attorney General. Does the government have a policy which allows its lawyers to support the application of the Charter in striking down laws from time to time? If so, why is it that the government opposes application of the Charter in every case, no matter how socially progressive its application may be?

MR. HORSMAN: The hon. Member for Calgary Buffalo has included in his supplementary question allegations which are without basis in fact, and I will not comment on them.

MR. SPEAKER: Might we finish this final supplementary with respect to this issue?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

MR. DAY: To the Attorney General. To put the people of Alberta at rest, could you give us a clear indication today that your department will not respond to the alarming suggestion by the Member for Edmonton Strathcona that the government train and liberalize judges?

MR. SPEAKER: The Minister of Education wishes to give supplementary information on a set of questions that was raised on Thursday last by the Member for Edmonton Avonmore,

Correspondence School

MRS. BETKOWSKI: Mr. Speaker, on Thursday last, August 21, the Member for Edmonton Avonmore raised with me some questions with respect to the Alberta Correspondence School and its service to 43,000 students in the province. The member asked:

Could the Minister of Education confirm that the catalogue this year will not be available for another two weeks?

In fact, the catalogue is available now.

The member also asked whether there would be fee increases in the coming year, which resulted in a two-week delay. In fact, I have not and will not be considering changes to the fee structure for the Correspondence School to apply to the '86-87 school year.

Thank you.

MS LAING: To the minister. I'm wondering how the increased costs due to increasing enrollments are going to be met by the Correspondence School in view of the low increases in the estimates.

MRS. BETKOWSKI: As far as I can determine, Mr. Speaker, the Correspondence School will not go over budget this year. Certainly those estimates for what it would cost to operate were very much a part of the budgetary process.

ORDERS OF THE DAY

head: GOVERNMENT MOTIONS

12. Moved by Mr. Johnston:

Be it resolved that the Legislative Assembly, pursuant to section 6(4.1) of the Alberta Heritage Savings Trust Fund Act, authorize, for the fiscal year ending March 31, 1987, the making of investments under section 6(1)(c) of that Act in:

- (1) the Alberta Agricultural Development Corporation, in an amount not to exceed \$149,500,000 in the aggregate;
- (2) the Alberta Mortgage and Housing Corporation, in an amount not to exceed \$188,000,000 in the aggregate;

- (3) the Alberta Opportunity Company, in an amount not to exceed \$33,000,000 in the aggregate;
- and that the amounts authorized by Order in Council 226/86 pursuant to section 6(4.3) of the Alberta Heritage Savings Trust Fund Act be included in, and not be in addition to, the amounts authorized herein.

[Adjourned debate August 22: Mr. Hawkesworth]

MR. HAWKESWORTH: Mr. Speaker, I'd like to speak to Motion 12 this afternoon and deal with it in three parts. First of all, I'd like to talk briefly about the process of approving \$370 million; secondly, I'd like to talk about funds destined for the Alberta Mortgage and Housing Corporation; and thirdly, I'd like to address some of the issues, as I see them, surrounding the Alberta Opportunity Company and funds allocated in this motion for that particular corporation.

Mr. Speaker, the notion that we can authorize \$370 million for three important Crown corporations by simply approving a resolution of this particular Assembly, I don't accept as an adequate means of providing allocations for these three corporations. I'm told by some of my colleagues who have been here much longer than I have that it has not always been required that we even approve a resolution of funds from the Heritage Savings Trust Fund to these three corporations, that in fact this represents some kind of improvement over the previous ways in which approvals were granted for this kind of spending. Frankly, I think that's moving from the totally abysmal to the totally inadequate.

The idea that we can spend \$370 million without any supporting information being provided to us along the lines at least of the kind of information we get dealing with requests under the capital fund division is just not acceptable in my view. I hope the new Treasurer will take a very close look at amending the legislation to ensure that funding for the Agricultural Development Corporation, AMHC, and AOC should be done along the same lines as the capital fund division of the Heritage Savings Trust Fund, whereby we at least get a couple of pages of supporting information on how that money is to be spent and what purposes it will be used for in that particular year.

Along with that, Mr. Speaker, we could deal with it in Committee of Supply, not in this Legislative Assembly. When you deal with a resolution as we are today, there are many questions that individual members have to place before the Provincial Treasurer or the appropriate ministers. But there's no opportunity then to engage in some kind of back and forth with those ministers as to the specifics and details of the operations of those corporations or of the application of those funds. Where will this money be applied, and how will it be applied? I think those kinds of questions require much more detail than is accorded them in our review process here this afternoon.

Mr. Speaker, I was quite interested in the Provincial Treasurer's comments, particularly earlier this afternoon in Oral Question Period. As part of his summation later on, I hope he will address this. He said that the General Revenue Fund will assume the losses of the AMHC, yet the Auditor's report ended March 31, 1985, refers to:

An amendment to the Alberta Mortgage and Housing Corporation Act resulted in a change in the way that annual deficits of the Alberta Mortgage and Housing Corporation are funded. Previously, [they] were assumed by the Province's General Revenue Fund. Under the

new legislation . . . the Provincial Treasurer may exclude from the portion of the Corporation's operating deficit to be assumed by the General Revenue Fund, all or any part of an expenditure relating to provisions for declines in asset values. At March 31, 1985, the Corporation retained deficits of \$2.5 million on its Corporate Account and \$241.2 million on its Mortgage Insurance Fund that had not been assumed by the General Revenue Fund.

I would like to have him explain what appears to me, on the surface at any rate, to be two conflicting types of information in terms of AMHC deficits.

Mr. Speaker, in this year's Speech from the Throne reference was made to 700 units being planned for this fiscal year in the province of Alberta. I presume those 700 units are in reference to this allocation being requested this afternoon. I'd appreciate knowing where in the province and what kinds of housing units are going to be provided. As far as senior citizens projects in Calgary, the one most familiar to me is the Chinatown senior citizens project, which has been approved and is proceeding. I appreciate that that project is proceeding. That's only a very small proportion of where those 700 units are being provided, and I'd like to have at least some indication from the minister involved or from the Provincial Treasurer as to how those 700 units are going to be financed and where they are located. I want to put clearly on the record that I have had a lot of expressions of concern brought to my attention about the number of AMHC foreclosed units sitting vacant all over Alberta. I'm told that somewhere in the order of 2,000 are in Calgary. Just recently, on July 1, 350 of those units were converted to community housing; that is, they have been taken from market housing and are now being transferred to assisted housing. The bulk of those occur in four communities in Calgary: Castleridge, Falconridge, Abbeydale, and Erin Woods.

Mr. Speaker, this concerns me for a number of reasons. First of all, absolutely no consultation took place with the affected municipality. I note that 350 units come from under the 1985 unit allocation for this province. What they are doing is transferring repossessed, single-family houses that have been foreclosed in their AMHC inventory and putting them into a social housing inventory in the city of Calgary. That occurred on July 1; the city of Calgary was notified at the end of June. However, in order for this to have occurred with 1985 unit allocations, the government would have had to have made that decision prior to the end of the 1985 calendar year. According to my sources they waited six months before that decision became public, and at no time in that six-month period was the municipality informed that that decision had been taken.

This matter of foreclosed units is a serious problem that needs to be addressed by this government. It has to be thought out for a number of reasons. It seems to me that the first basic question is: aren't there better alternatives in terms of converting foreclosed units into the assisted housing programs than doing that in communities that have a high percentage of foreclosure areas and high average numbers of units already in social housing programs? That is, if they were going to convert 350 units in Calgary, why didn't the government at least spread those throughout the entire community rather than concentrating them in a single area of the city? I don't think AMHC looked very closely at how they proceeded with that particular option.

What concerns me about 1986 and the allocation of units for the assisted housing program is: how will that be done?

Are they going to follow the same pattern and practice they followed in 1985? I think that's an important question that needs to be answered by either the minister or the Provincial Treasurer.

The second question revolves around the policy of AMHC not to sell foreclosed properties but to hold them in some kind of inventory until I don't know what time in the future; perhaps AMHC knows. I submit, Mr. Speaker, that no other mortgage company has adopted the policy AMHC has. Every other mortgage company releases its foreclosed units on the market on an orderly basis. No doubt it loses some money for the corporation by selling at less than its previous value; that is, the previous book value of that property is not fully recovered. But financially it does a lot of things. One, it's not carrying a high inventory of foreclosed units. Also, they're not carrying a high percentage of vacant units. Who is going to assume the cost of maintaining these homes, or are they going to be left, as they are in many cases at present, to slowly deteriorate without anybody in them, without anybody looking after them properly? There's a cost to doing that.

I think this government and AMHC need to take a very serious look at the policy of holding all these vacant units. They would be further ahead if they disposed of them in an orderly and a sensitive way. I refer to some comments the minister made some weeks ago that there's sensitivity not to destroy the equity value people enjoy in those communities where those units are found, that if you flood the market with those vacated and repossessed units, it will drive down the equity of people who live in that area. I also submit that the equity of people's homes goes down if they're living in a community where many vacant, repossessed AMHC units are sitting. So the only way the communities will be able to turn themselves around is if AMHC participates by releasing their vacant units on the market on an orderly basis.

I know that this affects the northeast area of the city of Calgary, but this concern has also been brought to my attention in the city of Airdrie. Indeed, this is a situation that is occurring all over Alberta. The government needs to act; AMHC needs to act. I think it needs to make a clear public statement of how it's going to handle all these foreclosed units.

I would also like to know why debts aren't being rescheduled in order to keep people who are having difficulty right now with AMHC mortgages in their own homes so that even more units don't become vacant and fall into the repossession/foreclosure stream. I make note, Mr. Speaker, and draw to your attention that at least one Member of the Legislative Assembly has moved Motion 221, which raises this particular issue. I submit that this is a question that concerns both sides of the House and all members of the Assembly. We need to find a solution, and we should be taking a bipartisan approach to solving it. Some apartment owners under some of the lending programs are being offered an opportunity to reschedule debts. Why not some of the homeowners who are carrying AMHC mortgages?

What concerns me most of all is what is happening to the Heritage Savings Trust Fund. It is being transformed into vacant and deteriorating properties all over Alberta. Surely when the Heritage Savings Trust Fund was established, this was never contemplated as being how the assets of that fund would be applied in this province. It was not intended to be tied up in deteriorating and vacant homes all over Alberta. This is a serious problem and AMHC has to face up to it very, very quickly.

In terms of housing programs, I'd also ask the minister if in his remarks on this motion he would speak to a situation occurring in Calgary at the Edwards Place senior citizens project. As I understand it, a tender is being advertised right now to convert 32 units in that project into 12 units for handicapped and disabled people at a cost of around \$500,000. At the same time, Mr. Speaker, the Accessible Housing Society has submitted a proposal to use a city of Calgary project operated by the Calgary Housing Authority and convert six units in that particular project in Eau Claire for a total of \$84,000. They have already raised \$50,000 on their own. So for a total of \$35,000 the provincial government could convert six units for the handicapped in that project. In view of that, it doesn't make sense to me to proceed with \$500,000 unless there is a demonstrated need. It would seem to me that if there is a demonstrated need for both projects, then a speedy approval of the request from the Accessible Housing Society would be in order. I don't think, though, that it's necessary to do these projects using such an expensive option and such an expensive route.

Mr. Speaker, as far as Motion 12 is concerned, it provides for the allocation of \$370 million to these three corporations, but there is no indication as to the rate of interest to be charged to those three corporations for those funds. I would like to ask the Provincial Treasurer to indicate the interest rate that will be charged for the 1986-87 fiscal year. Again, this is the only chance we have to raise specific questions. In terms of this debt that AMHC has recorded in its latest annual financial report, in note 7 there is deficit at the end of the year for \$241 million, and that was referred to earlier in my comments. How will AMHC deal with such a deficit? Will there be funds out of the General Revenue Fund extended to AMHC sometime in the future, or will that just sit on the books or be written off in terms of getting rid of all the repossessed and vacant units that AMHC has?

I'd like to speak briefly now about the Alberta Opportunity Company, Mr. Speaker. This company was set up to do a number of things. It was to help provide support for commercial enterprises in Alberta. It was to strengthen small business. It was to encourage research and development and the diversification of the economy, and to expand within Alberta capabilities in the areas of pollution control, industrial development, and development of the marketing and export potential of our products. I wonder when this company was last evaluated by the provincial government to see how well it is meeting these particular objectives, whether the way it is structured and the way these activities are being carried out actually result in these objectives being achieved. I do have a number of concerns about some individual experiences that have been brought to my attention, which I've also brought to the attention of the Legislature.

Since the mid-1970s, when this corporation was really getting under way, a notion has been floated around that the provincial government ought to be taking equity investments when various companies fall into difficult times. In fact, the Premier was quoted during the provincial election as saying that that option had been referred to the board of directors for a decision. I know that in raising it with the minister a few weeks ago, he indicated that they are looking seriously at that option. But I ask: given that the idea has been floated around for 10, 12, or 15 years, what has that decision by this corporation been? Is the government really serious about using this option for assisting private companies receiving funding under the Alberta Opportunity Company? Or if it has been batted around for so long

without action on it, would that indicate that maybe the AOC has no one really looking after its operations, that the government really is not in charge of that particular company? That, Mr. Speaker, is the issue that concerns me.

I see from the annual report to March 31, 1986, that the schedule of expenses is \$6.12 million; the loans disbursed in that year, \$24.3 million. This leads me to the conclusion that we have here an extremely high and unwarranted staff expense to the ratio of loans disbursed. How did that happen? Is it because the government is not really in control of AOC and management has been able to expand at an exponential rate without anybody at the top effectively watching what they were doing? Mr. Speaker, this indicates to me that a reorganization of people and responsibilities is well called for at this particular time in the history of AOC. I would suggest that their loans people be given more authority so that they can cut down on the checkers checking the checkers who are checking up on the loans officers in that particular company.

With all these people working for the Alberta Opportunity Company, you would have thought somebody would have come up with a better solution to the problems of the Lyon Mountain ski area than simply putting them out of business after only one season of operation. I would like to ask how that decision was made. Surely part of the problem was that you had so many people at work in this company falling all over themselves to get that ski area to do this, do that, change this, change that. I would suspect that that was a process that occurred in that business applying for funding under the Alberta Opportunity Company.

I wonder how many other businesses experience these same actions by the Alberta Opportunity Company and we never even hear anything about it. In at least one instance somebody made a point of letting the word out about what AOC was doing to his particular business. I wonder how common that is throughout the portfolio of companies with loans held by AOC. I submit that the Alberta Opportunity Company has to take some responsibility for that company, Lyon Mountain ski area, going down the tubes. If that is any indication of how Alberta business might be typically dealt with by that particular corporation, it leads me to question what's going on over there.

I note that there is a review presently about to begin on the Agricultural Development Corporation. I submit that now is a good time to also have a thorough review of AOC operations with a view to improving its performance and making it more effective as an instrument of business-building in Alberta.

Finally, Mr. Speaker, again because of the way this process has been set up, that we only have one opportunity to put all our concerns and questions on the public record and no chance to engage in any kind of back and forth with the responsible ministers, I note from the financial statements of the Alberta Opportunity Company a note, number 6, on long-term debt held by the Alberta Heritage Savings Trust Fund to the Alberta Opportunity Company. It has to do with series B, where the interest rate is from 15.6 to 18.4 percent. The note is that the company has been informed by the province that the holder of the series B debentures will not accept early redemption of the debentures, although this is allowed for under the terms of the debentures; that is, the Alberta Opportunity Company could convert debentures at a high interest rate to a lower interest rate in today's economic climate. But the province has informed them that they will not be prepared to allow that to happen.

In the next note, number 7, we also notice that an agreement has been reached where the province of Alberta will

provide financing designed to eliminate the deficit balance ... by way of providing an annual grant of \$1,600,000 in each of the five years ending March 31, 1988.

Here we have a company with a debenture paying a high rate of interest to the Alberta Heritage Savings Trust Fund and it's ending up being subsidized by the provincial taxpayer. There may be some good reasons why the government has decided to do it that way. I must say they have escaped me, but I am prepared to let the Provincial Treasurer defend it for the public record. I question how high the real earnings of the Heritage Savings Trust Fund are by way of the kinds of investments being requested in this particular resolution. No wonder we are not getting anything more to deal with in this Legislative Assembly than a government motion without any information to support the request being made of this Legislative Assembly.

Mr. Speaker, for those reasons, because of the lack of adequate information provided to us to support this request, I for one am not going to support the request in this motion. Thank you.

MR. EWASIUK: Mr. Speaker, I too want to rise to speak to Motion 12. I particularly want to address item 2, the Alberta Mortgage and Housing Corporation and the moneys being allocated to it, not to exceed the amount of some \$188 million. As I think my friend from Calgary Mountain View has already expressed, the Alberta Mortgage and Housing Corporation now holds title to some 2,583 foreclosed properties; that was the figure stated in their annual report. The cost to the corporation of holding title to these properties is somewhere in the vicinity of \$170 million. The corporation in its report further states that it is prepared for possible further losses in the vicinity of some \$360 million. This is difficult to understand when there are thousands of Albertans who are having a difficult time finding affordable quality housing.

I guess there are two methods that can be employed to delete or at least eliminate some of the holdings of the corporation. Those would be, of course, through putting these houses back on the market or through a rental process. I know both of those positions would be argued by some, at least by the real estate people and, of course, the consumers who want to put their houses on the market and would find there was a glut of housing if in fact the Alberta Mortgage and Housing Corporation put all their houses on the market. However, I think there should be a systematic approach developed so that they indeed continue to put these houses on the market so they can gradually eliminate their inventory of foreclosures.

More importantly, I think they could expedite the whole process through the rental process. Again, I think there would be arguments from landlords who would argue that there are still high vacancy rates in the province and that the AMHC should not be putting houses on the market. I think the argument can now be made that that's not the case. In the 1970s and the early '80s, rents skyrocketed, as we can all remember, and people were spending in the vicinity of from 30 to 40 or as high as 50 percent of their incomes on shelter.

[Mr. Gogo in the Chair]

Now, after a few years, I think the rental market has stabilized. In fact, vacancy rates are coming down sharply, and as a consequence rents are starting to rise again. This is particularly damaging when the average earnings for employees in Alberta have dropped by some 10 percent since 1984. Ordinary people who are on small incomes and who in fact have now been subjected to taking less in their paycheques are finding that their rents are starting to increase by some \$75 per month. Of course, that means again that the living standards of people are on the decrease. I think the suggestion is that the squeeze on renters is back in Alberta.

When you check the annual report of the corporation, they are only renting some 12 percent of their properties, or at least they were at the time of the report. That's only some 300 homes, certainly not a good record and not one that it seems they should be expediting when you consider that the purpose of the Alberta Mortgage and Housing Corporation is to provide accommodations for low- and medium-income families at government-subsidized rates. While that may be the purpose, it certainly doesn't appear to be the practice of the corporation. They also seem to think they should just hang on to this housing inventory and that somehow the economy is going to turn very quickly and they're going to be able to market these again at the values without taking a loss. Of course, when you look at some of the predictions the real estate people in this province are making, it's obviously going to be much longer than the very immediate future. It's going to take at least two, three, four, or perhaps as much as five years for them to move this inventory of houses.

I think the argument is that the corporation, rather than continually being given grants from the heritage trust fund, which by coincidence seems to relate very closely to their projected annual loss this year of \$170 million — the allocation here is \$188 million. I wonder if that is just a mere coincidence or if that in fact is to take care of the losses for this year. I would think that rather than making money available to this organization, they should be told to expedite their efforts to deplete their inventory through either sales or the rental process.

MR. TAYLOR: Mr. Speaker, in speaking to the motion, I want to emphasize a couple of points, although my opposition colleagues in the other party have covered some of them well. I want to talk about the Agricultural Development Corporation, for instance, with nearly \$150 million set aside for it. The interface between what the Agricultural Development Corporation is to do in the future and what the farm credit stabilization plan is to do seems very unclear. For instance, for starting farmers that are very heavily in debt, the traditional place to go back to was the Agricultural Development Corporation. But now with the farm credit stabilization plan, there seems to be a redundancy in certain areas and, from my own meetings throughout parts of northern and central Alberta over the last couple of weeks, possibly a question in the minds of many as to whether the farm credit stabilization plan is nothing more than a method to give well-to-do farmers access to acquiring money cheaply to buy out the poor farmers. In other words, the government is getting done for them indirectly what they hesitate to do themselves; that is, to try to concentrate the ownership of farmland into fewer and fewer hands and to wealthier farmers.

It may well be that the Agricultural Development Corporation could have a role counter to this trend of the farm

credit stabilization plan. There's no question that farmers in debt in excess of what it would appear their land equity is are left in limbo right now. I shouldn't say "limbo"; they are left at the tender mercies of whoever the lender is, be it private or the Agricultural Development Corporation. Actually, I believe the Agricultural Development Corporation foreclosed on more farms in the last two years than all the other private organizations put together. The question is whether the farmer can look to the Agricultural Development Corporation or to the farm credit stabilization plan for help.

It doesn't look as if the farmer that is badly in debt can expect much help in either area. For instance, for something as simple as corporations, when they're badly in debt and not making income, being allowed — there is a method by which they convert their debt to what they call a "preferred share," which means that they pay interest that's usually half of prime. The Alberta farmer doesn't get this opportunity. Half of prime or half of prime plus one would look quite inviting to a farmer. We have the peculiar dichotomy in our loans to farmers whereby the farmer that's in an income position can write off his so-called 9 percent interest and write it back down to 4.5 percent, whereas the farmer that's having a hard time making ends meet — in other words, his debt load and his profit are less than a taxable income — in effect has to pay the full 9 percent or whatever percentage that he has in loans to the Agricultural Development Corporation or to the farm credit stabilization.

I think the Agricultural Development Corporation could maybe be used to be an imaginative area that would sit down with many farmers who, under the present farm credit stabilization plan, have obviously not got the 100 percent equity to qualify for a new loan or a rollover. It should be worked out; it may partly be forgiven or may partly have the interest lowered to half of prime, as I mentioned. But if worse comes to worst, the Agricultural Development Corporation should at least be looking into and maybe conducting studies as to the social cost of replacing or taking farmers off the land, farmers that are in debt so badly that they appear not to be able to get out, and equate that social cost of moving the farmers into something else. It's well and good to say they can retrain in the towns or retrain in the cities. The fact is, number one, maybe retraining isn't that easy and, number two, the psychological setback and harm in trying to move may far exceed any loss we may take on the loan on a short term, to the extent that possibly the Agricultural Development Corporation should be working on solutions with a great deal more imagination, possibly a leaseback arrangement. If we do foreclose after all, is there any necessity to run the farm family off?

Possibly the farm family could continue on a share-crop basis and, wonder of wonders, who knows? If things really changed around down the road, the share, crop, or rentals could be credited back against a loan if it ever did come out. If nothing else, we would have preserved a family on a farm and, at the same time, kept the farm productive and, thirdly, tried to stop the ever bigger concentration to bigger or corporate farms. The Agricultural Development Corporation has lacked a great deal of imagination in the past, and I'd like to see the minister suggest that possibly they're going to look into fields like the social costs of foreclosures and bringing back land that's then resold to the more wealthy in the community or just holding land in inventory.

Speaking of inventory, that leads me into the next area: the Alberta Mortgage and Housing Corporation. I think we

were all present at a wining and dining by the real estate board of Alberta a couple of days ago where they said there were 4,600 houses held in inventory by the Alberta Mortgage and Housing Corporation. It seems to add up all right, because the member from Calgary said there were 2,000 in Calgary and the member from Edmonton said there were 2,500 in Edmonton, so we get to 4,500, leaving only a hundred for the rest of the province. It sounds like Westlock-Sturgeon has very few, but just the same I will speak on it anyhow.

Obviously, for something like 4,600 in the inventory there should be a long-term plan and maybe even a long-term plan that's debated in this Legislature. What I am afraid of now is that we have self-serving technocrats almost afraid to release an asset. I know; I've been a director in many companies. I must confess that I've been guilty of this too, although it's maybe been in a public money rather than a government money area. I looked at it and said, "Holy smoke; if I liquidate that asset, it will show such a loss that I'm not sure I want it on the books." With the Alberta Mortgage and Housing Corporation showing a \$188 million loss in 1984-85, I'm now afraid that they're afraid to write down the 4,600 houses. It's easier to keep the value up and not mention your loss as long as you don't dispose of the asset, whereas if you dispose of the asset, you've then got to take in the actual loss incurred.

Possibly we could use a little more imagination, as some of the members have already mentioned, in getting these houses at least taken care of and looked after. I know it's often said that — and the party opposite, the government party over there, should be the last party I have to convince of the pride of ownership. I remember many years ago setting up a company in Spain when I was living in Madrid. One of the things that always fascinated me about Madrid, as in other capitals of west Europe, was the very good quality of what we call almost "tenement homes," the so-called poor districts. Everything was painted, the streets were clean, and there were flowers in the boxes, whereas you could go to most of the other European capitals, as you can to a North American capital, and find that a poor district was very, very run down. What I found was that . . .

MR. JOHNSTON: It must have been Franco's doing.

MR. TAYLOR: Yes, that's what I found: a good old right-winger, an original conservative by the name of Franco, had put this into place. I note that the party opposite occasionally follows his policies; they would understand what Generalissimo Franco was doing. In this particular area they could maybe take another page from his book as they've taken so many pages in the past and look at turning housing over to the people that were renting at little or no down payment because the pride of ownership would look after the community. I think that's one of the areas they could investigate a little more closely and maybe overlook the fact that accountingwise they would have to show a horrendous loss on the books. Who knows? They could maybe even get around a loss on the books. I know the minister, being a man very familiar with shifts and what you can do with accounting, knows, for instance, that they could probably sell these homes for what's owing on them with an interest rate of 1 percent and still look as if they hadn't made a loss. In other words, there are all kinds of ways, if you will pardon the expression, of fixing the books to make it look as if the loss isn't that big.

What they're doing right now is holding them off the market — which gives a threat to any new housing — so

that pride of ownership is denied to anybody that is a tenant in these areas and, worst of all, possibly letting the homes decline and run down the area so their own investments in other homes that haven't been dropped start to run down. In other words, it has an accelerating effect. If you let a few abandoned homes you're not selling sit, it follows that the other homes will in turn decrease in value and you will get a disease that spreads through the community, whereas if nipped in the bud early enough, an imaginative lease-purchase type of arrangement worked out at a low interest rate over the long term would preserve the neighbourhood, preserve pricing, and maybe even cover the backs of some of the people that were showing a great loss.

This is all I have to say, but I would be very interested in hearing what the minister has. I've given him a couple of imaginative outs that I'm sure he will jump at, particularly when he realizes who had put some of them in place in the first place.

Thank you.

MR. WRIGHT: Mr. Speaker, my point is a single one, but it applies to all three grants. It is that the grants, insofar as they fund the loans secured by real property, be made on the footing that applies to ordinary mortgages made to ordinary people. That is to say, if for some reason the payments cannot be kept up, then the penalty is the loss of the property and not an additional penalty of any deficiency judgment being forced against the individual. As you know, being Crown corporations, government Bills do not apply to them except by necessary implication or expressed provision, neither of which occurs with these three. A judge has ruled that the empowering provisions of the Alberta Home Mortgage Corporation are insufficient to carry them to a personal judgment in the case of that one. I don't think it's so with the ADC and the AOC.

There was a policy with the ADC of not going for a personal judgment in some cases in the past, but I understand it's very inconsistently enforced, Mr. Speaker. In any event, it's unfair. I submit it's unfair that a rule, a general provision for everybody, should not be equally applicable to the Crown when they're basically doing the same thing as those other people. It's doubly unfair in that most people didn't understand that this mortgage was any different from any other mortgage. It's certainly not explained in the literature that they had at the beginning. I suppose now they have a better idea, but even so, it's still not expressly publicized. I believe it would be fairness on the part of all three corporations if it were not done. When stipulations are made for the use of this money, I urge the government that none of it be lent out on security of personal property, the effect of defaults in which will be the possibility of a personal judgment against the borrower. I'm not talking about guarantors, of course; that's a different kettle of fish, and of course it doesn't apply in any event to mortgages made by corporations.

In short, the grants should be made on the footing that section 41 of the Law of Property Act applies. That's my point, Mr. Speaker.

MR. PIQUETTE: I rise to basically offer some suggestions on the ADC motion about the spending of approximately \$144 million this year out of the heritage fund. I have mixed feelings that we are drawing some of that money from the heritage fund. I know it's helping out a lot of farmers. The only aspect I find is that the way the ADC has been set up, and in my mind will continue to be set

up, has created a lot of inequities in terms of farm financing here in Alberta and actually has been part of creating a lot of the problems that perhaps many of our young farmers are having today. In the associate minister's comments about the board set up to review the ADC and its mandate, he indicates they will review the original purpose and intent of the ADC, whether the ADC program objectives have been met since its inception and if the original purpose and intent of the ADC are applicable to today's agricultural financing and lending requirements.

I would hope that the associate minister would also look at the debt adjustment situation that should be part of the ADC. I will be relating a story about an individual farmer who has made his plight known in his dealings with the ADC. If we had a debt adjustment program under the ADC, I think a lot of the sad stories that have occurred throughout Alberta in the last four or five years could have been averted. We could have saved these farmers; they would have been able to make their farms viable again and to a large extent repay a lot of the loans they had taken out through the ADC.

Another aspect that the associate minister indicated as well is that this board will also be mandated to review the current agricultural lending program for Alberta farmers as available from other sources: the FCC, banks, credit stability program, and otherwise. Looking at what we have so far in Alberta, we have a program under the farm stability program. According to what farmers are telling us and what the banks are saying, it's very good for farmers who have very little debt and who wish to expand but it is not addressing the need of the 20 percent of farmers who are in danger of being foreclosed or are being urged to quit their farms because of the fact that their equity is no longer there. In many areas of Alberta the farm equity has dropped over 50 percent, compounding the situation.

The ADC is averaging approximately \$110,000 lost per farm foreclosure or per quitclaim that the farmers are being urged to do. When you take that into account, that's a very poor investment in terms of what we're trying to achieve with the Alberta heritage fund. Rather, to a large extent the government, instead of foreclosing and not allowing the original farmer to buy back at least part of his farm — I think that's one of the suggestions that has been made by a number of people. For example, we might allow the ADC to foreclose, but if the land equity has dropped by 50 percent, why don't we allow the farmer who has been foreclosed to buy part, at least the home quarter, so that he's not totally dispossessed of any chance of getting back in the farming community again? A lot of them have failed not because they were bad farmers but because of the fact that many of our ADC programs very often force some farmers to be bad managers simply by the way the mandate of the ADC is carried on in the rural communities.

I'd like to relate the story of one farmer who has experienced the whole success and failure of the ADC program. I will not name the individual, but he has written a letter to me indicating basically what has happened to him. I think in that sense we can better judge some of the inadequacies of the ADC program as presently administered by the associate minister and funded by the Alberta heritage fund. This man is a 42-year-old and he lives in my constituency where, he says, "I have been trying to develop a livestock breeding farm for many years." He says he has

... a Master's degree in Animal Science from the University ... and worked with the Livestock Branch

of the Alberta Government for eight years in both the swine and beef cattle sections. After leaving my post with the Livestock Branch, I worked part-time as a Livestock Production Consultant (this work took me to ten European countries, four states and four provinces), worked as an instructor at Olds College for one year, worked as a real estate person in Red Deer, and worked briefly [with a company in the city].

Since I was very young, my interest has been in being one of Alberta's best livestock breeders. However, being one of four sons and being earnest and diligent in my work habits, I did better in school than my brothers. My parents having the old philosophy that "if you can't make it through school, you can always farm" decided that I would get out and go to university.

My attempts to establish a farm are as such.

1. In the very early sixties, my attempt to establish my farming ambition was systematically quashed by my father ... Included in this was an opportunity to buy a 1120 acre farm in the Peace River country with some buildings, cattle and machinery for \$17,500.
2. In 1975, I approached the A.D.C to obtain a \$70,000 loan to establish a livestock breeding farm four miles from Red Deer. This loan was not approved because, they said, I was valuing my land at \$8,000 more than their evaluation of it. Within one or two months, this land started inflating at the rate of about \$8,000 a month for the next six or seven years. I spent a lot of time over several months researching my proposal to the A.D.C., talking to the best farmer, research and economic people I could find but to no avail.

He goes on to say, "In 1981 this land was valued over \$700,000 by a professional appraiser," and he had tried to buy it for about a tenth of that value back in '75. He basically also goes on to complain that there was a "lack of foresight and insight into the future of the agricultural land prices in our province by this A.D.C. official."

He points out that

3. In January of 1977, I moved to Boyle and bought a farm here. At this time, land was \$100 per acre and really good commercial cows were **\$200** each. The top heads in the cattle business expected a rapid increase in the cattle prices as well as land prices in this area.

In the fall of 1977, I had 1,200 round bales of excellent quality ... hay and \$85,000 equity in my farm. Again I worked for weeks getting together the best information I could to present to my bank. I wanted to take advantage of the expected turn-around of cattle prices after the deflated cattle prices of the middle 1970's ...

For security, I offered the bank a second mortgage on my farm ... worth [about] \$85,000 plus the 370 head of cattle for the \$51,000 loan.

After about 6 or 7 trips to my bank the banker had told me that the local district agriculturalist had told ...

MR. DEPUTY SPEAKER: Order please. Member for Cypress-Redcliff, a point of order?

MR. HYLAND: A point of order, Mr. Speaker. I wonder about the length of quotation from a letter. I've been taken to task for quoting from letters in this Assembly when I

only got to a paragraph. I wonder if you can make a ruling on that.

MR. DEPUTY SPEAKER: It would appear that the hon. member is addressing a specific question related to Motion 12. But the Chair would have some difficulty when a member of the House is quoting directly from a letter from a constituent related directly to the motion.

MR. PIQUETTE: What I'm trying to point out is that basically some of the pitfalls this farmer got involved with with ADC are very much related to the question of the funding made by the Alberta heritage fund. We should be looking at that. If we're going to be making investments in agricultural land and production, the whole aspect of the role of the functions of ADC has to be more clearly understood by all members of the House. By going through an individual case study, I think we will be better able to understand what's happening in the farming community.

One of the things he indicated that happened to him was that he basically tried to borrow money from ADC in terms of stages, and this was not accepted by ADC. He made a strategy, for example, in 1981 and

was told by A.D.C. that I couldn't borrow just \$80,000 and would have to come up with additional expansion plans. There was no land immediately available that I was really interested in but a lady owning a beautiful 1/2 section just across the road from me said that she might well sell it to me in two or three years. I requested that the A.D.C. people consider giving me the \$80,000 initially requested in 1981 and set aside an additional \$80,000 or \$85,000 for two or three years in anticipation of purchasing [a further] 1/2 section across the road. In the meantime, I would take a part-time job and rent some land that was available three miles down the road.

MR. DEPUTY SPEAKER: Order please.

MR. NELSON: On a point of order, Mr. Speaker. *Standing Orders*, section 23(d) states:

in the opinion of Mr. Speaker, refers at length to debates of the current session or reads unnecessarily from Hansard or from any other document ...

The member, then, should refer to that document and may read short passages from it but not the complete document, according to *Standing Orders*.

Mr. Speaker, I'd like a ruling on that, please.

MR. DEPUTY SPEAKER: I suppose we're somewhat fortunate that it's not an 80-page letter. But the view of the Chair is that it would appear the member is referring directly to one-half of Motion 12 before us. However, the Chair is well aware that other members wish to speak on this, and perhaps the Member for Athabasca-Lac La Biche could come more directly to the point in his summary of the matter that he has in his hand.

MR. PIQUETTE: Okay. I am quoting only portions of the document. I'm not reading the whole thing. That point is taken.

One of the things I personally find when talking with a lot of farmers about the ADC loans is that off-farm income is not considered in the repayment of the loans. A lot of the young farmers were caught having to borrow much more money than was necessary in order to finance

their farm operations. A lot of them wanted to have a lot less money than they had originally requested, but because the ADC indicated that they had to be full-fledged farmers, they were talked into borrowing way above what was required for their immediate plans. In the whole review of the ADC I would hope that this is one area which is very strongly addressed by this review board so that it does not force young farmers to get into a debt situation which they'll never have a hope of paying back unless the government has, to some extent, plans in their legislation whereby if there's a downturn in the economy or an increase in the inflationary rate, the farmers can renegotiate part of that loan package at a much more frequent interval than is allowed today.

Some of the things we hear concerning the ADC from individual producers that have difficulty — and I must say I've brought some of them to the attention of the associate minister already, and to some extent there now appears to be a greater willingness by ADC to look at some of these real problems. But there are cases right now where there is too much encouragement on the part of ADC to get into a quitclaim type of situation. The statistics don't indicate that many farmers being foreclosed, but if you look at the for-sale signs in many parts of northern Alberta that I'm very familiar with, a lot of them are quitclaims. Farmers are putting their land up for sale because they have been encouraged to by their ADC advisors. I find that is creating a real problem in the marketplace today, further depressing the land value, the equity value of the remaining farmers.

What the farm stability program is allowing is that that 9 percent is then being used by some of the larger farmers to simply put many more smaller farmers out of business. I think it worth mentioning that we have to decide once and for all whether we want to see the survival of rural Alberta, whether the small farmers do have a chance to make a living in rural Alberta. If not, I fear very much that in the future either we're going to be like many Communist countries where the government owns everything or all will be owned by big co-operative farms. What the New Democrats are proposing, as compared to what I hear from this side over here, is that we should make sure that our lending policies, our pricing policies, ensure the survival of the family farm and that we allow small farmers to be competitive in the marketplace. One thing I know about large and small business, if you want to compare the size of farms as well, is that small business is very often the most innovative and competitive in coming up with different types of solutions. The larger a farm or company becomes, very often the less innovative it is and the less it provides in terms of job opportunities for people.

If we're going to spend our money from the Alberta heritage fund wisely, we have to address those issues very, very strongly. I would urge that in the review committee of the ADC, the whole issue of small farms, how we're going to be structuring our lending policies, particularly how we're going to be addressing the family farm — not the farmer with 15 or 20 quarters. They are probably going to be able to survive simply in terms of volume, if they're not overly in debt already. How about the farmer who wants to build from a one-quarter up to a two-, three-, four-, or five-quarter operation? How will our lending institutions, led by ADC, respond to their needs? Are we going to allow them to grow and give out money as they require it, as opposed to giving them all a big chunk of money without foreseeing that when you do that they don't have time to really plan their expansion in a very logical

fashion? Instead, what we have been doing is giving them too much money up front and making them full-time farmers without their being able to ... [interjection]. Ron, thanks a lot for the comment. I guess that's the first time I've lost my train of thought, but it's thanks to the member back there.

In conclusion, I would like to indicate that covering the important points of the money being loaned by the heritage fund, I believe, first of all, that that money should be looking at the whole aspect of diversifying our farming economy in Alberta. That means a good section of it should be addressing the small family farm and how they can perhaps find their little niche in the agricultural industry in Alberta, as opposed to what's happening now. They've really been forced out. They've been forced to leave the farm. To be competitive, you've either got to be superbig or you can't remain there.

We're basically going to ask you to quit your farm or be foreclosed, and we don't leave you a choice of rebuying at least a portion of your land. ADC right now is making foreclosures on the total land they have under the mortgage and is not allowing the farmer to at least take one or two quarters, to be able to at least stay on the family farm as opposed to dispossessing them and forcing them into the urban communities, where often a lot of them in today's economy are going to be put on welfare because that's the only kind of life-style they really know.

The second aspect ADC has to address and Alberta heritage funding has to target is areas where banks are not lending money. We're going to see after this recession in the agricultural industry that banks are not going to be willing to lend money to the average farmer, especially when they have taken such a beating in terms of the foreclosures they have experienced. We're going to see a situation in Alberta where our banking institutions are probably going to be taking a lot of their moneys to parts of the agricultural communities in other provinces, which have had a lot less foreclosures and a lot less loss of equity on the farm. ADC must be the body mandated to fill that gap. Otherwise, I really shudder to think how many of our 40,000 farmers we have today are going to be able to access bank financing five years from now to look at expanding their family farms or their operations.

MR. HYLAND: To reply to Motion 12, Mr. Speaker, it is my understanding that it's not a spending of set amounts of money; rather, it's an investment from the Heritage Savings Trust Fund, an investment in the people of Alberta, in the people who either want to buy some farmland under ADC or buy a home or provide other housing under the Alberta Home Mortgage Corporation and businesspeople who want to approach the Alberta Opportunity Company.

Needless to say, Mr. Speaker, if there were no problems with either one of those three outlined government Crown corporations, I would be really disturbed. When you're doing as many things as the three of them are, if everything were being done right, I think it would be more disturbing, because surely with three major corporations like that and the number of individuals they're dealing with, there would be something going on just because of the uniqueness of each individual. It couldn't all be going on and all be perfect.

Mr. Speaker, we've heard a lot of talk today about ADC, probably more so than the other two. I'd like to make some comments about ADC. It's my understanding now that ADC would allow staging of loans. Granted, previously they didn't. Through some pressure by at least

some members of our caucus we tried to convince the Minister of Agriculture and the ADC board to stage loans in cases where people could buy part of the land base that they wanted and work off the farm until they could build the farm into something that could support them and their families or at least partially support them and their families.

As well, Mr. Speaker, we've heard a lot of things about ADC forcing people to borrow more money than they really needed. Something I found out through the last number of years was that a lot of farmers have come to me and said they can't borrow enough through ADC. It's not that ADC is forcing them to borrow more than they want to, but they can't borrow enough from ADC. They want to borrow more. Sure, I, like many others of this Assembly, have farmers who've either had quitclaims or given the farm back to ADC, the Farm Credit Corporation, banks, and others. But those same people came to me when they applied for their ADC loan and said: "Alan, you've got to help me. I can't get that loan. I need help." So you line it up for them to go through the appeal committees. I said, "Are you sure you can pay it back?" "Yes, I can pay it back. I can show them in dollars and cents. I've figured it all out. I can pay it back."

Then there comes a time when they haven't made payments for either just a year or a number of years. They come again: "Alan, you've got to do something. I can't make my payments." As an MLA you're between a rock and a hard place. You've helped them go through the appeals. That's all I ever did, and all I would ever intend to do is see that they get the right appeals, talk to the right people, make their case known, and convince them that they can pay for that loan. Now they're in a bind, and they're wondering what they can do. They say: "Well, it's your fault. You helped us get the loan."

They made up their own minds. It's not all ADC's fault or the government's fault or the individual's fault. It's a combination of many things. But that's the way things happen sometimes.

Mr. Speaker, to lump in the farm credit stability plan with the problems with ADC and say that the plan is just bailing out — if that's a decent word in this situation — those farmers who can't make it: I really take exception to that. I know there is a group of farmers in my constituency and probably in many other constituencies in Alberta that didn't qualify for ADC, didn't qualify for the federal farm credit plans. They went to the banks; they financed their operations. Because of the situation they were always just a little bit above what the government programs would do. They're not big farmers; they're just hardworking farmers. Why shouldn't those people, when they now have a chance, when they maybe have some cash and some assets, be allowed to take opportunity of the program? They're not all big farmers. Why shouldn't they be allowed to take opportunity of a program whereby they can buy some land adjacent to them? Maybe somebody has lost that land, but in some cases they were in a bidding war with the very people who purchased the land adjacent to them. They went to a price they thought the land could pay for, and they decided they couldn't pay what the other person who received it was willing to pay. Now he can't cover the cost. Why shouldn't that other person be allowed to buy that land now, at a price he thinks he can afford to pay?

Mr. Speaker, we've heard all sorts of situations and suggestions about buy-back provisions for ADC. We've heard about leaseback arrangements. Some of those things may be all right, but I would sure worry about leaseback

arrangements. I would want to be careful that we don't end up in the situation of sharecroppers and sharecropping of land, like we read about in the history of the United States, much of which is going on today, and people virtually not making a living, yet they can't do anything else because they haven't got enough money to get off it. I wouldn't want to see that happen in this situation.

Mr. Speaker, I would be glad to hear from the Provincial Treasurer in response to buy-back operations. If one loses a farm or a house under the home mortgage corporation or I suppose even a business, a building, or whatever under the Alberta Opportunity Company, I don't know if there is anything to stop you from buying that back, if you can find the financing elsewhere. As I said, I would appreciate his response. You, at least in my thoughts, have the opportunity to buy that back if you wish. If it's not worth as much as it was and the person has got out of it, if he can arrange financing elsewhere, he can bid on that. He has equal opportunity with anybody else to try and bid on that asset, whatever it may be.

Mr. Speaker, a final comment. I hope all those who have had problems, especially with ADC, and have suggestions for the changing of ADC would either send information or appear before the ADC review committee. This is the first time ADC has had a review by people outside of the ADC board and staff. I hope all those who have had trouble with ADC in times past and at the present time would indeed appear before that board and give their feelings and suggestions toward changes.

Thank you.

MR. McEACHERN: Mr. Speaker, I am happy to rise and speak on this motion, because it indicates, to a certain degree anyway, a loosening up or a democratization of the revenues and expenditures to do with the heritage trust fund compared with the original legislation, which we thought put too much power in the hands of too few people. You can't remove \$15 billion from general circulation and then say that the Assembly doesn't have anything to say or do with that, which is more or less what the original legislation did. We've gradually got to the point of approving more and more of the business of the heritage trust fund. I would like to see that process continue and in fact make some suggestions for helping it along.

We accept of course that it does not make sense to have this Legislature look after some parts of the heritage trust — certainly short-term market securities, bonds, deposits, those sorts of things; the loose cash, if you like. Even the long-range securities probably need to be done by the investment committee rather than by this Legislature. But there are still a number of things that could be looked at more closely by this Assembly. I noticed in the annual statement for '84-85 an indication that in three of the major divisions — in fact the biggest divisions — of the heritage trust fund the decisions made are to be approved by the Legislature or by the committee. It's not necessary that the Legislature actually approve the major decisions made under those divisions. I'm talking about the Alberta investment division and the energy investment division — those two could be considered as one, in which case there would be two divisions — and the Canada investment division. In many cases, whether the decisions are made by the Assembly or by the committee, at least the committee would still obviously have the right to do that, and we think that is wrong. We think the major decisions should be made here

in the Assembly. It is after all the MLAs who are supposed to control the purse strings of the province.

[Mr. Speaker in the Chair]

One of the exceptions in the Alberta investment division to the committee, as opposed to the Legislature, being able to approve the expenditures is the legislation that sets out and is the rule that guides Motion 12. That is Bill 30, passed in 1983. There is a very specific statement in that Act:

(4.1) No investment shall be made in a Provincial corporation after March 31, 1984 unless the Legislative Assembly, by resolution, has first authorized the making of investments pursuant to subsection (1)(c) in that Provincial corporation and has approved a maximum investment in that Provincial corporation for the fiscal year.

Motion 12, then, complies with that legislation. But there are other aspects of the heritage trust fund divisions that are not under the purview of this Assembly.

While we're talking about the heritage trust fund and thinking in terms of revenue expenditures in relation to the Assembly, I note on page 4 of the same 1984-85 annual statement that

each year, after debate, the Legislature decides how much resource revenue will be transferred to the Heritage [Trust] Fund.

I did a little looking around to see if we had authorization to put the 15 percent which has been the most recent amount of nonrenewable resource revenues into the heritage trust fund, and there was an authorization in the fall of 1984. But there was no sitting of the Alberta Legislature in the fall of 1985. That gives rise to three questions which I would like the Treasurer to reply to if possible.

The first one. Has any money from the nonrenewable resource revenues of the province been transferred to the heritage trust fund this year so far? We are now halfway into this fiscal year. If so, how much, and by what authority? It says here that the Legislature is the authority that is supposed to move it over. When will the government bring in an authorization to cover the current fiscal year — retroactively, obviously, at this stage? When might we expect some authorization for the year 1987-88?

This particular motion asks for \$370.5 million from the heritage trust fund for three Crown corporations. My colleagues have outlined some of the problems with those programs. I think the ADC and the AOC could be wound down at this stage. I know the ADC is under review. The farm credit stability program could pick up the slack in that area and would be a better program and should probably replace the Agricultural Development Corporation. The same with the AOC. There should be a review of it. I've not heard anybody say that they intend to review it, but at this stage it's in much the same position as the ADC and should be reviewed and could very easily be replaced in terms of its function. I think the small business term assistance Act is an even better Act and could do a better job than what the AOC was supposedly going to do.

Our party has contended for some time that the Crown corporations — namely the three mentioned in this Act, and even ACT for that matter — could obtain their funds from the open market. This would free up quite a lot of heritage trust fund money for needed projects and good investments.

To go back for a moment to the Agricultural Development Corporation and the farm credit stability program, a number

of the people who have signed quitclaims or who are in trouble with the ADC or are in the process of being foreclosed on might be rescued by the farm credit stability program. I think it's really important that the government look closely at the ways in which the various banks, including Treasury Branches and credit unions, administer the new program and allow or don't allow people who are under the Agricultural Development Corporation and are having trouble to fit into that new program.

I think there is a fair amount of leeway in how each bank handles that. I suppose you can't control that entirely, because you're talking about each loan officer and each bank itself and its management; they would handle that in their own way. But I think you have to see to it that the rules are, generally speaking, similar and fair so that one bank dealing with the Treasury Branch doesn't get too different a deal than somebody dealing with, say, the Royal Bank or some other institution.

AN HON. MEMBER: Are you finished?

MR. McEACHERN: Not quite.

One of the aspects of Bills 14 and 12 — I was saying that they might replace two of these Crown corporations — that bothers me sort of relates back to what I was talking about in terms of the Legislature not having the chance to approve government expenditures. Bills 12 and 14, in setting up the farm credit stability program and the small business term assistance Act, do not specify a limit to how much money can be taken from the heritage trust fund and put into those programs. I know you've talked about \$2 billion in the one program and \$750 million in the other, but there's nothing in the legislation that says that. I remember that it says something about a limit as set by regulation.

Again, I would like to say to the government that somehow this body should approve that limit in much the same way that we're approving a maximum for these Crown corporations, that it shouldn't just be left to regulation, that in effect it's not allowing this legislative body to approve moves made on the heritage trust fund. I'm quite aware that the money for those programs may not all come from the heritage trust fund; nonetheless, those limits should be mentioned, and this body should get a chance to approve that kind of maximum amount.

I'll just summarize by saying that my colleagues have already amply illustrated some of the difficulties of these three programs. I think the government should have provided us with more details and been more forthcoming with information about them. I hope they will stand up and reply to some of our points and some of our questions and that another time we will be able to look at much more detail on this kind of motion. I think it's not adequate, that we should have had a further explanation of just what was happening and where in those areas.

MR. CHUMIR: I have a few questions, Mr. Speaker, to ask of the minister. One question arises from the earlier speaker's reference to note 6 in the financial statements of the Alberta Opportunity Company, which referred to the option of that company to make prepayment on debentures owing to the Alberta Heritage Savings Trust Fund on which high rates of interest were payable. Of course, the effect of paying such high rates of interest boosts the income of the Alberta Heritage Savings Trust Fund and gives it a very appealing cosmetic look insofar as its income is concerned. It also happens to have a very negative feature

when the Toronto *Globe and Mail* writes editorials pointing out how the Provincial Treasurer has been bragging about the wealth of the province of Alberta.

The question I have relates to the Alberta Mortgage and Housing Corporation and the amounts which it owes to the Heritage Savings Trust Fund. Some of the amounts are at very high rates of interest indeed. The total amount outstanding at March 31, 1985, was \$3.3 billion, and I'm wondering if the minister might advise whether or not there is a prepayment privilege in respect of these amounts as well, and if so, why it is that the Alberta Mortgage and Housing Corporation is not taking the opportunity, as any prudent investor would, to prepay high-interest loans and borrow at lower interest rates. While we're at it, perhaps I might inquire as to whether whoever decided to flag that footnote for the Alberta Opportunity Company financial statements will be reprimanded.

I also have some questions with respect to the Alberta Mortgage and Housing Corporation and the decision to separate the accounts into two segments, that of corporate account and mortgage insurance fund. I am somewhat baffled as to why they are not reported as one. There is a footnote to the financial statements, note 2(d), which indicates that it would not result in a more informative presentation. I find this surprising, because from my review of the statements, I would have thought that a more accurate assessment of how this entity is doing would have been provided by one global statement which indicated annual revenues and losses rather than having to look at two separate pockets.

I note that in the financial statements ending March 31, 1985, there was a loss on claims indicated by the mortgage insurance fund of \$183 million. I'm wondering if the minister is yet aware of the amount for 1986. I'd also be very interested to hear how the corporation and the fund go about calculating the exact amount of the loss. Presumably there is some appraisal process in there. There is some vague allusion to the methodology in the footnotes. However, I note that in footnote 2(b), relating to land programs, there is a reference to land currently held for sale being stated to be at cost less an allowance for decline in value of an enduring nature. The intriguing adjective in that is the term "enduring." What element of prestidigitation is being used in determining what is enduring and what is not enduring, and in what sense does this differ from what normal commercial appraisal practice would be?

We note a very intriguing feature of the manner in which this corporation is operated and a manner which differs, as we've heard, from that which any other similar entity operates in that it doesn't sell its real estate. This raises the obvious question: is the decision by the corporation not to sell real estate based on the reality that the sale price at current market value would in fact be less than what would be conceived to be the appraisal of a drop in value of an enduring nature? Is there a difference between that appraisal value of an enduring nature in which losses of this corporation are calculated and what fair market value appraisal would be in normal corporate practice?

Finally, Mr. Speaker, a question with respect to the transfer of some of the housing units owned by the Alberta Mortgage and Housing Corporation to social housing in the city of Calgary. I believe there are 350 units. I would appreciate if the minister might advise either now or probably in writing in due course as to at what value these units were transferred out of the inventory of the corporation. Was a loss taken on the books? It would seem to me that proper accounting practice would mandate that a loss be

taken, in the event that the fair market value at this point in time was less than what was on the books. Was a loss taken in fact, and if not, why not?

Thank you, Mr. Speaker.

MR. NELSON: Mr. Speaker, I'd like to comment briefly on one part of the motion relevant to Alberta Mortgage and Housing Corporation. It's interesting to listen to some of the debate of the members, especially in light of some of their attitudes toward the support of social housing and the record of one member of city council in Calgary in pushing forward some of this stuff that some of us really didn't think was appropriate at the time and, of course, the partnership in this of the Calgary Housing Authority. Some of the members that voted in support of this at other levels of government might do well to listen to some of us in future, now that some of these things have happened.

In any event, Mr. Speaker, the difficulty I see in some of the social housing programs — certainly the intent is a good one in that they are to provide housing for those people who cannot necessarily afford housing due to unemployment or other social concerns. However, the one concern I have is that before community decisions of some catastrophic nature are made, the MLAs certainly be informed and be a party to the discussion. A lot of this social housing through the Calgary Housing Authority and what have you is in my constituency. Over the years governments and in particular city councillors have used that as a dumping ground without any real care as to the outcome of housing of this nature in the city of Calgary and possibly in other communities. The heavy weight has been, "It's to the social benefit of the community." In fact, it destroys much of the good intent of the community in total.

I would like to wave a flag to Alberta mortgage and certainly to city council to forget about some of their social ideals to some degree and certainly discuss them with some more practical thinkers, being some of us who have to deal with these issues on a day-to-day basis. It's all well and good in some of the inner-city communities to say, "Push it out there." But unless there's a balance of social housing and needs throughout the community, we generate some of these larger difficulties for one or two people in the community, in particular MLAs or councilmen or whoever. I think that we should speak out of one side of our mouths in total instead of both sides for expediency or whatever it might be. I support the intent. However, I certainly would ask that discussion be taken with people who are impacted by this, and possibly better solutions can be made to the overall housing needs of our community.

MR. SPEAKER: May the minister sum up? The Minister of Municipal Affairs.

MR. CRAWFORD: Mr. Speaker, I would like to make a few remarks on the subject of housing in particular. I think a number of points have been made. They are by and large relevant; some are excellent points. I think the Member for Cypress-Redcliff especially made a good point in pointing out to us that really these are programs to help people in housing, small business, and agriculture. The corporations who deliver the programs, of course, have to be funded in some way. The proposal is that the moneys from the Heritage Savings Trust Fund be loaned by debenture to these corporations. That is what this resolution is about. However, I think it's also appropriate at a time like this when the resolution is before the Assembly to note some of the

particular points in respect to the programs. That has been done by a number of members.

We had comments on the lodge program and on foreclosures in respect to the Housing Corporation. Perhaps I could go through them this way. The hon. Member for Edmonton Highlands made the remark that the financial reports of the foundations should be public. Those, of course, as members know, are municipally formed bodies that band together in the major centres, perhaps one foundation or a district foundation to look after the lodge program, but very often in the smaller centres it's a combination of municipalities that get together for that purpose. Those therefore are municipal organizations. I must say that the question of publication of their financial reports is, although I think a minor one, one that deserves to be looked at.

The question about foreclosures is, of course, of interest always. The Mortgage and Housing Corporation has one of the largest inventories of housing of any corporation in the province, perhaps the largest single inventory. As the years went by after the programs that got people into the housing — and some of them were very helpful to people getting into their own housing, in the sense of the family home purchase plan and the interest subsidy plan, which applied to all borrowers who qualified under that program. The result of the downturn in the economy was that people were faced with situations where not only the outstanding balance of the mortgage they might have but also the question of monthly payments was such a daunting experience to them that many, looking at their situations and realizing they owed much more than the property was worth or would soon again be worth, literally walked away from the properties. Many of those were foreclosures, it's true. But many also were voluntarily given up. It's encouraging to notice that the number of foreclosures has declined very, very substantially in the last number of months compared with preceding years.

The policy of foreclosures and going after deficiencies in individual cases is really tied to the question of a review. The Crown may, through the Mortgage Housing Corporation, pursue a deficiency when other lenders may not, but the review process is aimed at being fair in that respect. Basically, the dollar dealers are where the pursuit of the borrower is undertaken. People acting in good faith and not able to pay are in almost all cases, indeed all cases where that's recognized, not pursued by the corporation.

I want to just note the concern mentioned in potential conflict of interest situations by the Member for Edmonton Highlands. I noted today page 39 of the Blues, and I want to assure her that I will further examine that situation. Since Friday, today being Monday, I have not had the opportunity of resolving those concerns in a way that I could fully inform the House today. I will further pursue that.

There was the concern about Edwards Place in Calgary, and I will surely look at that as well. I think that's a very important observation. It may be that there are other reasons for the renovations of Edwards Place beyond what the Member for Calgary Mountain View did state, but the information given by him is surely of interest and we will follow that up.

Mr. Speaker, I want to put on the record some of the things that did go, in perhaps more detail, on the record in respect to the housing program during the main estimates. Over 125 units, for example, are involved in the community housing projects this year; senior citizen self-contained, 400 units; lodge spaces, 95 units; and rural and native housing, 220 units. The rural home assistance program and emergency

home and native housing programs totalled some 500 units. All of these are important, of course, to the people who are looking for housing.

The other point is that — looking at the situation in respect to the conversion of certain housing units that came into the corporation's inventory for community purposes, there's a rationale for that. That is, of course, that people do need that type of housing and rather than create new projects at a time when the inventory is high, the proposal was to convert certain units. No loss to the government will take place by the conversion of those units to community housing, and as a matter of fact, it quickly brings on stream because of the shared program with the Canadian Mortgage and Housing Corporation additional funds to support that program.

Mr. Speaker, those are some of the details. By way of explanation, I wanted hon. members to have those and assure them once more that the other important points that were made I will follow up.

MR. SPEAKER: May the Provincial Treasurer sum up, as mover of the motion?

SOME HON. MEMBERS: Agreed.

MR. JOHNSTON: Mr. Speaker, in listening to the contributions made by hon. members through the last few hours, I thought it would be appropriate to simply conclude with a few comments which might bring into sharper focus some of the decisions which are before us. I along with my colleagues appreciate the thoughts and contributions made by all hon. members on this issue.

But what is it that we are really talking about here? First of all, the broad concerns have been raised that the Heritage Savings Trust Fund is being requested to advance money to these three institutions — a considerable sum of money, Mr. Speaker, which members have underscored, which I agree with — for those three institutions to carry out a series of responsibilities which have been mandated to them by the government, debated here in the Assembly, and subscribed to essentially by the people of Alberta. These institutions have been set up along the lines of normal board/government institutions, institutions where we ask men and women across the province to serve as directors, to take their time to contribute policy, time, thought, and creativity to the management of these enterprises. We have attempted wherever possible to set them in an arm's-length position. I know that's almost impossible to do in government, but that in fact is one of the attempts which we are making here, to allow them to have broad policy direction, to carry out that policy objective, and to have the wherewithal to achieve those goals.

Those are the goals that I think we all subscribe to. Lets just recall them: the goals of assuring that agriculture maintains itself as the number one sector in this province, that the family farm stays as the heart of that economic sector, and that we do everything possible to ensure that the farming unit, the agricultural sector, and this part of our economy is maintained, strengthened, and reinforced wherever possible. Second, we talk about that motive to which we all subscribe as well; that is, housing. How many here would say that everyone should not have adequate housing? I would imagine that on that point we would all come to some concurrence except the Member for Calgary Buffalo, who does not agree that everyone should have adequate housing. Well, let the record show that.

Finally, Mr. Speaker, diversification has been talked about almost endlessly and the need to stimulate the small business sector of this province. These are the clear motives for which we are asking the resources to conduct our expenditures for the next period. These are objectives which have been subscribed to by all Albertans over a variety of elections, in a variety of forms and a variety of times. When we talk about times, let's put these back into the context in which the genesis of these entities were constructed and put in place. Let's not just look at it today in the context of what is happening to housing or what's happening to agriculture or why the small business sector has suffered over the past five years. Let's consider the reason for these entities to be shaped and put in place.

Let's harken back, for example, to that period of 1974-75, when the opposition was crying about the need for more housing, striving to get more rental units on stream, and encouraging the government to get more forces in place to make sure that mortgages were being provided to the people of this province. We did that. We came up with a program, a variety of initiatives. We formed a new department and we put a number of initiatives in place to ensure that housing was the number one priority, because that's what society was demanding. The traditional institutions were withdrawing from Alberta, mortgage rates were skyrocketing, and housing supply was started by the fact that we could not bring enough on stream in time. That's why we invested so much money in the housing sector, and that's why, for example, the Alberta Home Mortgage Corporation and Alberta Housing Corporation, now merged into one separate entity, were in fact put in place: to meet that need, to ensure that adequate housing was provided to all Albertans, and to ensure that it was done on a reasonable basis. The programs go on and on and on as to how we achieve that. So what we're asking here, Mr. Speaker, is to continue with that mandate, one which we certainly agree has primacy in terms of our objectives and one which we subscribe to wholeheartedly and strongly.

Second, with respect to agriculture, let's recall why it is that the agricultural program has been put in place, why Ag Development Corporation is so important to this province. I've already talked briefly about the need to ensure that the family farm is maintained, that agriculture maintains its vitality, and that Alberta stays in its economic role in competition with other provinces and other markets worldwide. We intend to do that, and we intended to do it some time ago with the Ag Development Corporation. We're continuing with that objective, Mr. Speaker, and we're continuing to ensure that that happens through the funding we're requiring for the Ag Development Corporation.

Yes, I agree that in many cases the valuations, in terms of both housing land and agricultural land, have decreased in value. No question; it has generated a lot of problems for us. Frankly, Mr. Speaker, from my point of view, I'd rather we dealt with those problems than to have done nothing. This government is on record for having the most remarkable performance in terms of achieving housing, dealing with agriculture and, finally, dealing with diversification through the small business sector of this province. That's why we're asking for additional money for the Alberta Opportunity Company. Sure, there are going to be losses. Of course there is going to be everyone's example of how the AOC, the ADC, or AMHC did not respond to my constituents' needs. Of course that's going to be the case. We expected that to happen, but we're really not dealing with those kinds of nominal details. What we are doing

here is asking for support from the Heritage Savings Trust Fund for these very big, important priorities.

As to the write-offs and the accounting process, I could deal with those more particularly. Of course they generate problems, and of course we had discussions with the auditors about what is fair, what losses are going to be realized, and how in fact they're going to be realized from an accounting point of view.

Second, Mr. Speaker, with respect to the interest rates, we know we need to provide a very good source of money to these entities. That's why we're tapping the Heritage Savings Trust Fund. Some have asked about the rate. Well, I can tell you that the rate which the Alberta government gets, the triple A rate, one of the best in Canada, will be the rate at which the money to those three entities, and sometimes Alberta Government Telephones and sometimes the provincial Municipal Financing Corporation, is directed. It's a three-day average that's based on our current rate just before the signed agreement takes place, and it's the best rate which can be achieved in Canada.

Others suggest we should put these groups into the marketplace. On one hand, we hear about the terrible management, the terrible losses, and the great deal of risk which has been involved in these corporations; on the other hand, they suggest we go to the marketplace. What rate would that engender? I suggest 15 or 20 percent. Then you would have a difficulty, would you not, if you forced these entities to go to the private sector to try and borrow off the market. We're ensuring that flow of funds, first of all; we're ensuring the rate, secondly; and we're maintaining the objectives of this government to ensure that housing, agriculture, and small business diversification are first on our agenda of items. That's what we're asking.

Secondly, Mr. Speaker, some broad concerns have been raised with respect to the follow-up, the verification, whether or not these entities have achieved their real objectives. Just recently my colleague the hon. minister of economic development, Mr. Shaben, appeared before Public Accounts. On August 20 he was right here in this room, following up on the Alberta Opportunity Company, providing clear explanations as to what his corporation was doing. Public Accounts is one area. I've already mentioned that the Heritage Savings Trust Fund committee meets. In that meeting a minister can be called to describe, relate, explain, and provide all kinds of information with respect to how it operates. Of course here, through the estimates of the heritage fund themselves, there is ample opportunity to debate the very broad policies which are of concern to so many members.

Mr. Speaker, I simply say to you: let those who do not agree with those objectives — of saving agriculture, of ensuring that homes are available for every person in this province, and ensuring that small business becomes the heart of the economic revival in this province — vote against this resolution. I suggest all members support it and support it vigorously. Let's get on and get that money well invested for the people of Alberta.

[Mr. Speaker declared the motion carried. Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Elliott	Nelson
Ady	Getty	Oldring

